

CITY OF DECATUR, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

Prepared By:
Administrative Services Department

Karen deslslets
City Clerk

CITY OF DECATUR, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

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December 31, 2010

To the Members of the City Commission and Residents of the City of Decatur, Georgia:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with these standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Decatur, Georgia (the City) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management staff has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Decatur, Georgia's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the general fund, special revenue funds and debt service funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established by function within an individual fund (e.g., at the department level in the general fund).

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Decatur, Georgia's separately issued Single Audit Report.

GAAP requires that management provide that a narrative introduction, overview, and analysis accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Decatur, first chartered as a municipality by the State of Georgia in 1823, provides a full range of municipal services. These services include public safety (police and fire protection, inspections, housing codes enforcement, etc.), public works (streets and sidewalk construction and maintenance, storm drainage construction and maintenance, refuse collection, street sweeping, etc.), parks and recreation, the operation of a municipal cemetery and community and economic development. In addition, the City of Decatur owns a 280-space parking facility and a 25,000 square foot conference center.

The City currently occupies a land area of approximately 4.3 square miles and serves an estimated population of 18,500. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Decatur operates under the commission-manager form of government. There are five City Commissioners, elected in nonpartisan elections, for overlapping four-year terms. Elections are held on the first Tuesday after the first Monday in November in odd-numbered years. In one election, three City Commissioners are elected – one at-large, one from District 1 (north) and one from District 2 (south). At the next election, two City Commissioners are elected - one from District 1 (north) and one from District 2 (south). At its organizational meeting in January of each year, the City Commission elects one of its members to be the Mayor/Chair of the City Commission. At that same meeting the City Commission also elects a Mayor pro tem/Vice-Chair. It is the responsibility of the Mayor to preside at all meetings of the City Commission. The Mayor has no veto power but retains the right to vote on all matters brought before the City Commission.

The City Commission is the legislative and policy making arm of the City government. It is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, task forces and commissions, hiring the City Manager and appointing the City Attorney and municipal court judges. The City Commission appoints a professional administrator known as the City Manager who serves at its pleasure. The City Charter designates the City Manager as the Chief Executive Officer and the Chief Administrative Officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

The Georgia General Assembly first adopted the City Charter, under which the City operates, in 1909. In 1920, the General Assembly amended the Charter to provide for the commission/manager form of government. In 1977, acting under its home rule authority, the City recodified and revised its Charter to delete obsolete sections, to clarify meanings and to generally bring the Charter up-to-date. The Charter was updated again in 2001.

The financial activities of the Board of Education of the City Schools of Decatur, Georgia are included as a discretely presented component unit in order to conform to accounting principles generally accepted in the United States of America.

The annual budget serves as the foundation for the City's financial planning and control. All agencies are required to submit departmental budget requests to the City Manager or her designee by the first week of March. These requests are the starting point for developing the proposed budget.

The proposed budget is presented to the City Commission on the third Monday in May. The operating budget includes the proposed expenditures and the means for financing them. The City publishes the proposed budget in the official legal organ, other community newspapers, makes copies available to the residents of the City and posts the proposed budget on the City's website. Public hearings on the proposed budget are held during the month of June. The budget is then legally enacted through the passage of a resolution by the City Commission normally on the third Monday in June but no later than June 30th, the close of the fiscal year.

Budgetary control is exercised at the departmental level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commission.

Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented on page 21 as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City of Decatur is the seat of DeKalb County, a large, urban county in the Atlanta metropolitan area. With its central location within the county and as the location of county offices and the court system, Decatur's economy is primarily a service economy. Legal, banking, medical, insurance, accounting, governmental and educational services are the mainstay of this economy. The essential nature of these services provides a solid basis for the City's economic well-being.

Real Estate Digest

The City's overall 2010 real estate property digest decreased less than 1% from 2009 digest values. The digest did see some increases in value from new occupancy and from renovations to existing buildings; however, a decrease in the real property digest due to reevaluation, particularly from commercial properties, negated any growth. The stability in the City's real property digest is an asset compared to the significant decreases in value seen in other nearby local government jurisdictions.

We are anticipating a relatively flat property digest for 2011 in part due to existing economic conditions but also because the Georgia General Assembly adopted HB 233 which freezes real property values at 2009 levels through 2011.

Residential Activity

The residential housing market is stable. Several in-fill housing dwellings are under construction. We continue to issue permits for renovations to existing single-family housing units and for some commercial properties. Overall, construction permitting activity increased 16% during fiscal year 2009-2010. Sales of existing housing stock have slowed with a corresponding moderation in sale prices. However, unlike some national and metropolitan Atlanta markets, the City's residential property appears to be retaining its value. In addition, there has been limited foreclosure activity in the City.

We do not expect significant residential development in the next 18-24 months. Proposed developments at 233 East Trinity Place (210 apartments) and 432 East Howard Avenue (57 dwellings) have received plan approval but have not applied for permits. A 28-unit single-family development in the southeastern quadrant of the City has completed site development but construction has not begun on the dwellings.

Commercial Activity

In addition to government-related employers, mainly DeKalb County, the City's employer base continues to be centered on professional occupations. Vacancy rates for available office space in the City of Decatur are generally lower than in surrounding office market areas but are higher than in past years. Two major tenants, The Art Institute of Atlanta – Decatur and DeVry University have occupied space in the One West Court Square building and The Art Institute of Atlanta – Decatur is expanding. Interest in restaurant activity continues to be constant in the central business district while activity in other commercial activities remains stable. Retail interest has slowed in the past year.

The Oakhurst Business District is stable and steady given the size and scope of the area. Turnover in a few of the restaurant spaces has stabilized and several restaurants have expanded their operations along with other business enterprises in the area, including the executive offices of Progressive Redevelopment Inc., an affordable housing development company. The City's Fire Station Number 2, a 4,800s.f. LEED-certified building is located in the business district and provides an institutional presence in the community. The Oakhurst Business District continues to provide a local commercial center for the surrounding neighborhood.

Activity along the East College Avenue corridor remains constant, including East Decatur Station, a 70,000 square foot mixed-use property that currently contains a regional theatre company, a small church facility, a hair salon, a number of professional offices and three eating establishments.

Mixed-Use Activity

Development of mixed-use projects has provided a robust vitality to the City's central business district since the early 2000's. Occupancy of mid-rise residential developments continues to be strong. Rental of downtown Decatur's commercial properties has been consistent but has slowed as the economy has affected retail growth and development. Existing projects have completed all phases of construction and appear to be strong financially. However, new development has slowed significantly consistent with financing and market conditions.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue. A plan to redevelop this property as a mixed-use development that includes 210 units of rental apartments and 25,000 feet of commercial space has been approved. The developer continues to seek project financing.

It is anticipated that there will continue to be a temporary lull in activity for the next eighteen to twenty-four months as the credit and financial markets rebound.

Institutional Activity

Agnes Scott College, a four-year liberal arts college for women, remains financially healthy with an enrollment of approximately 1,000 students. Columbia Theological Seminary, a Presbyterian graduate institution, remains financially strong. It has completed a comprehensive campus master plan which has included construction on a new dormitory facility. Construction plans for a new classroom building are expected to be submitted to the City for review in the near future. The City Schools of Decatur is in the midst of a \$30 million construction program. Construction of a new gymnasium building at Renfroe Middle School is completed. The Decatur Housing Authority (DHA) has begun redevelopment of the Allen Wilson Terrace public housing complex with construction of a \$3.2 million three-story apartment building for senior residents. Over the next six years, the DHA anticipates demolition and reconstruction of 190 units of public housing as well as development of 145 new market rate condominium dwellings.

MAJOR ACTIVITIES

In September, 2006, voters approved issuance of \$33,245,000 in general obligation debt to finance major capital improvement projects for the City and for the City Schools of Decatur. In December, 2006, Moody's Investors Service issued a rating of Aa3 and Standard & Poor's upgraded the City's rating to AA from A+ for the bonds. The bonds were issued in January, 2007. In July, 2009 the City issued \$5,900,000 in general obligation sales tax bonds on behalf of the City Schools of Decatur. At that time, the City's bond ratings were reconfirmed.

The City's portion of the 2007 bond issue proceeds was approximately \$16,653,000. A number of projects have been completed, including phase I and part I of phase II of city-wide sidewalk improvement program, reconstruction of a swimming pool at McKoy Park, installation of a wayfinding signage system, reconstruction of Fire Station Number 2, acquisition and demolition of flood-prone properties located on Westchester Drive, construction of a new pool bathhouse at Glenlake Park and general improvements to the park, renovations to the Cemetery Office and completion of construction plans for Fire Station Number 1 and for the Decatur Recreation Center. Current projects that are underway include installation of part II of phase II of the sidewalk improvement program, implementation of the Decatur Cemetery Master Plan, development of a master plan for the Decatur Public Works facility and installation of bike lanes and traffic calming activities along West Ponce de Leon Avenue and West Trinity Place, Oakhurst Business District Streetscapes and Phase V of the Downtown Streetscapes Master Plan.

Future bond funded projects include a variety of transportation improvements such as intersection improvements and matching funds for transportation facility grants and reconstruction of the Decatur Recreation Center. The City Schools of Decatur used its portion of the proceeds to construct improvements for Decatur High School. Discussion of additional capital improvement projects is described below as part of the City's long-term financial planning.

Improvements to the City's storm drainage system have begun using funds from the City's storm water utility. The City has completed a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system. It is anticipated that in conjunction with private and institutional construction projects in the central business district, the City will be looking to finance substantial capital improvements through the storm water utility in the next several years.

Hotel/motel tax proceeds had been used to pay a portion of the debt service related to construction of the conference center and parking deck and since that debt was satisfied, the hotel/motel tax has been used to fund maintenance and improvements to the conference center and parking deck; fund the Decatur Tourism Bureau, a 501 (C)(6) organization whose purpose is to encourage visitors and tourism in the City of Decatur; and, provide resources to the City's General Fund. For accounting purposes the City has determined that the Decatur Tourism Bureau should be treated as a component unit, similar to the City Schools of Decatur and the Decatur Downtown Development Authority.

The City's volume-based sanitation collection system continues to work very well. The number and types of items collected have expanded since inception of the City's recycling program. The City currently has reduced landfill deposits by approximately 41%, well in excess of the State of Georgia's goal of a 25% reduction in landfill deposits. The program has been an overwhelming success. The City sponsored two electronics recycling events during the past year which resulted in over 89 tons of electronic equipment being recycled and not sent to the landfill.

In 2007 the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is only obtained by 1.5% of all the Fire Departments in the United States. The Police Department is certified through the Georgia Association of Chiefs of Police. The City has implemented a reverse emergency notification system and a severe weather warning system that allows the City to send recorded telephone messages to residents and businesses regarding emergency situations. A grant from the Federal Emergency Management Agency provided for the purchase and installation of four weather warning sirens.

In 2010, the City of Decatur was awarded two grants from the federal Energy Efficiency and Conservation Block Grant program (EECBG). This was a program created by the 2009 American Recovery and Reinvestment Act (ARRA). The first grant was received jointly by the City of Decatur, City of Dunwoody, and the City of Chamblee from the Georgia Environmental Facilities Authority (GEFA). Large cities were allocated direct funding from the federal government, but because of the City's population, we participated in GEFA's competitive grant program. The City's application was the highest ranked in the State of Georgia and was one of only two that received the full \$500,000 grant funding. The grant will be used to fund energy saving retrofits to governmental facilities in the three communities. Additional projects being funded by the grant include education and training for code officials on Georgia's Residential and Commercial Energy Codes, and a small sub grant program to Decatur-based organizations and institutions to increase their energy efficiency.

For the second grant, the Southeast Energy Efficiency Alliance (SEEA) was the lead applicant, for a joint application of cities across the entire Southeast region of the country. The City of Decatur worked closely with the City of Atlanta to submit a proposal as part of the SEEA umbrella grant that encourages residential and commercial property owners to undertake energy efficiency retrofits on their buildings through rebates and other financial incentives.

Finance and budgeting staff have been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for every Comprehensive Annual Financial Report since 2005.

LONG-TERM FINANCIAL PLANNING

In 1998, the City of Decatur entered into an intergovernmental agreement with DeKalb County for the equalization of tax proceeds from the imposition of the Homestead Option Sales Tax (HOST). In 1999, the City received its first distribution; however, the City maintains that the distribution was not correctly calculated in accordance with the agreement's provisions. The County then took the position that the entire agreement was invalid. The Superior Court granted the County's motion for judgment on the pleadings and entered final judgment against the City in 2001. The City appealed and the Georgia Supreme Court reversed the Superior Court's decision. In December, 2006, the Superior Court entered a ruling in favor of the City, but the Court of Appeals reversed that ruling. The City appealed and the Georgia Supreme Court reversed the Court of Appeals' decision. In April 2010, the Superior Court entered summary judgment against the City on its main claim against DeKalb County. This ruling has been appealed to the Georgia Supreme Court. A decision on this issue is expected in late 2011.

Should the City's position prevail, there should be a payment for past tax proceeds retroactive to 1999 and an on-going source of revenues for capital improvement projects. If the City's position does not prevail, then the City will be eligible for an on-going stream of future payments sent directly from the Georgia Department of Revenue as described in O.C.G.A. 48-8-104(d)(3) which provides for HOST distributions to go directly to the City of Dunwoody and also provides that other municipalities within DeKalb County would be eligible for direct payments if existing intergovernmental agreements were found to be invalid or were voided. It is estimated that all outstanding issues will be resolved through the judicial system by 2013.

The City Commission has approved issuing debt before December 31, 2010 to cover the cost of construction of planned improvements to the Decatur Recreation Center, Fire Station No. 1 and the Decatur Public Works facility. It is anticipated that once funds are secure, activity will begin almost immediately on the Decatur Recreation Center and Fire Station No.1 and within the next nine months on the Decatur Public Works facility. It is expected that all projects will be completed by the end of 2013. The debt will be repaid using a variety of sources including tax proceeds from the Capital Improvement Fund, reallocating existing expenditures for rental of office space that will no longer be needed and ultimately from proceeds of the Homestead Option Sales Tax.

Two factors outside the City's control have the most potential to affect the City's overall financial position in the future. The Georgia General Assembly has enacted legal limitations on the growth of the real estate digest that prevent both residential and commercial real estate values from increasing. The limitation does not apply to a decrease in values. There continue to be indications that the legislature may take further actions which could restrict taxes collected based on the value of real property. There are also indications that the legislature may look to restrict other revenue sources that local governments use to finance services.

Other impacts on the City's financial statements which are beyond our control have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, they have adopted rules that manufacture financial commitments for governments. The most recent pronouncement requiring accounting for other post employment benefits (OPEB's) is an example of an "obligation" that must be accounted for on the financial statements because GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding is an almost impossible standard to meet.

In spite of the current economic, regulatory and legal challenges, the City continues to be financially secure. The City takes a conservative approach to budgeting and finance, with an emphasis on estimating expenses on the high-end and estimating revenues on the low-end. This has resulted in controlled expenditures with low to moderate growth. This has also allowed the City to contribute to fund balance over the years, including being able to contribute over \$1,300,000 at the end of fiscal year 2009-2010. The City Commission authorized using approximately \$360,000 to fund a one-time tax credit for all owner-occupied properties and approximately \$200,000 to fund an additional one-week, one-time pay adjustment for full-time non-probationary employees.

While there will continue to be demands, we currently anticipate being able to manage for the next several fiscal years by using a combination of expenditure controls and fund balance transfers. Recommendations to increase property tax rates would only be considered based on meeting the community's service delivery demands.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Decatur, Georgia's finances.

Respectfully Submitted,

Peggy Merriss
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2010

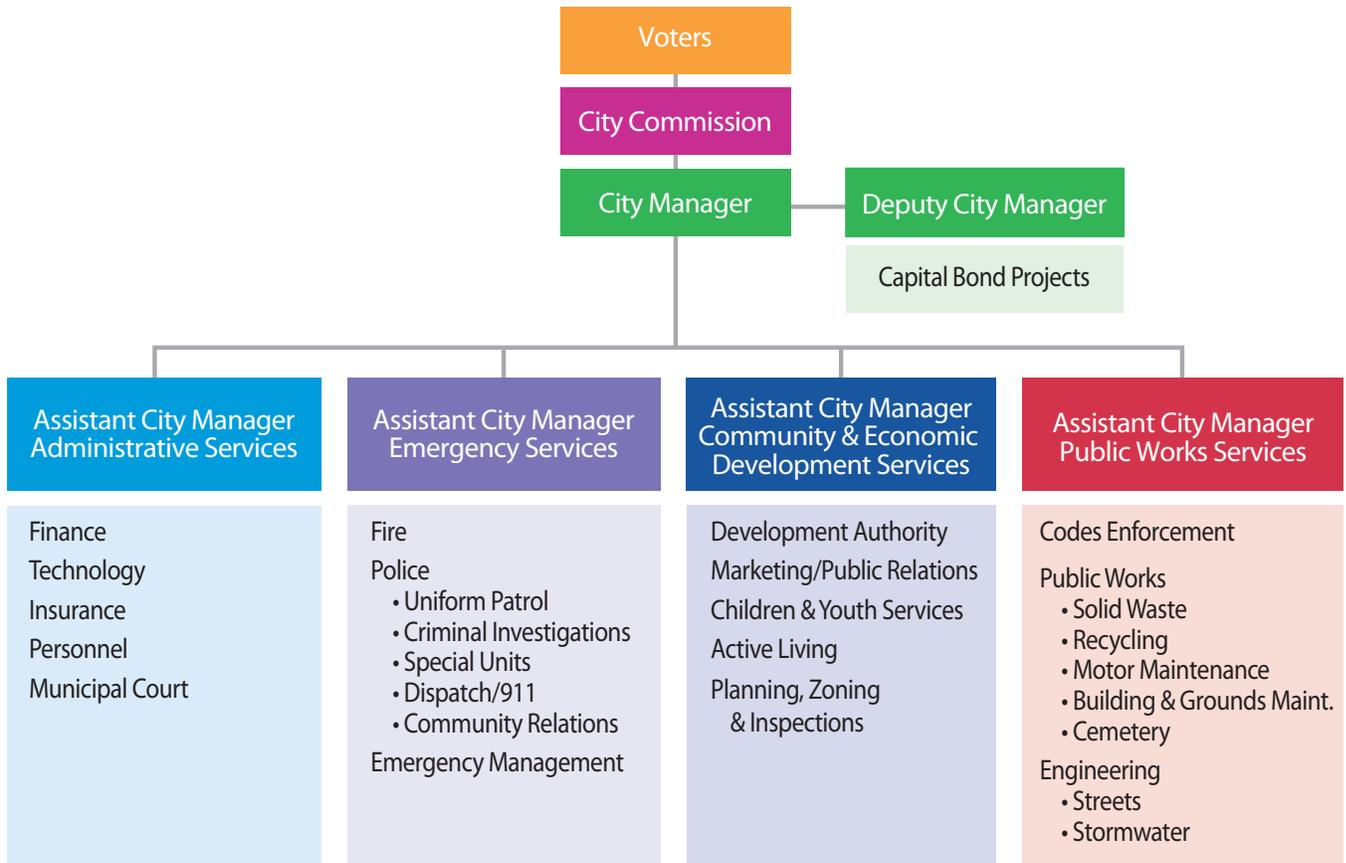
CITY COMMISSION

| | |
|---------------------|---------------|
| Bill Floyd | Mayor |
| Jim Baskett | Mayor Pro-Tem |
| Fred C. Boykin, Jr. | Commissioner |
| Kecia Cunningham | Commissioner |
| Patti Garrett | Commissioner |

APPOINTED ADMINISTRATIVE OFFICIALS

| | |
|------------------------------------|---|
| Peggy Merriss | City Manager |
| Hugh Saxon | Deputy City Manager |
| Bryan Downs | City Attorney |
| Andrea Arnold | Assistant City Manager - Administrative Services |
| Lyn Menne | Assistant City Manager - Community & Economic Development |
| David Junger Emergency Services | Assistant City Manager – |
| Tony Parker Public Works | Assistant City Manager – |
| Karen deslslets | City Clerk |

City Organization



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of the City Commission
City of Decatur, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Decatur, Georgia** as of and for the year ended June 30, 2010, which collectively comprise the City of Decatur, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Decatur, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2010, on our consideration of the City of Decatur, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 15) and Schedules of Funding Progress (on pages 66 and 67) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 31, 2010

CITY OF DECATUR, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Decatur (the "City"), we offer readers of the City of Decatur's financial statements this narrative overview and analysis of the financial activities of the City of Decatur for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, financial statements and footnotes.

Overview of the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) is presented in three distinct sections:

- An Introductory Section which includes the Letter of Transmittal and general information;
- Financial Section which includes the Independent Auditor's Report, Management's Discussion and Analysis, Government-wide and Fund Financial Statements, along with Notes to these statements; and
- Statistical Section

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$70,852,107 (net assets). Of this amount, \$12,853,241 (unrestricted net assets) may be used to meet the government's ongoing obligations.

In September 2006, Decatur voters approved a bond referendum that provided the City of Decatur and City Schools of Decatur with \$33,245,000 for large capital improvement projects. This was the first general obligation debt for the City since 1955 and for the school system since the late 1950s. The bonds were issued in January 2007. Of the overall bond issue, \$16,500,000 was transferred to the school system. During this fiscal year, approximately \$3,308,000 was spent on capital bond projects including major improvements at Glenlake Park and the Decatur Cemetery, the design for improvements to the Decatur Recreation Center, master planning and minor improvements to Hidden Cove Park and construction of Phase II of the sidewalk construction program.

In July 2009, the City issued \$5,900,000 in general obligation sales tax notes on behalf of the City Schools of Decatur for capital projects within the school system. The primary payment source is the one percent sales and use tax for educational purposes collected within DeKalb County. The secondary payment source is state appropriations from the Georgia State Board of Education. If proceeds are not sufficient from those sources, the notes are payable from ad valorem taxes. The final payment on the notes is due January 2013.

The net assets increased by \$5,876,853 primarily due to an increase in capital assets donated by the City of Decatur School System.

The City had \$27,988,738 in expenses related to governmental activities and \$15,147,765 or 54% of these expenses were offset by program specific charges for services, grants or contributions. General revenues, excluding program specific revenues, were \$19,045,777, and \$15,135,212 or 79% of these revenues were from property taxes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,121,334, an increase of \$3,300,647 in comparison with the prior year. A majority of the increase is in the Debt Service Fund due to the financial reporting requirements related to the sales tax notes issued on behalf of the school system. Although the City never possessed the \$5,900,000, accounting rules require the City to show the \$5,900,000 as Proceeds from debt issuance which increases the fund balance. At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,670,301 or 44% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unreserved fund balance. The general fund's overall fund balance, including reserved and unreserved balances, increased \$1,001,933 to \$7,692,797.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as total net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, the reader needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, education, public safety, public works and recreation. The business-type activities of the City include the conference center and parking deck, the stormwater utility and solid waste.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only the City itself (known as the primary government), but also three discretely presented component units, the Downtown Development Authority, the Decatur Tourism Bureau and the City Schools of Decatur. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City maintains three enterprise funds in the proprietary fund group. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Decatur uses enterprise funds to account for its Conference & Parking Deck activities, the Stormwater Utility and for Solid Waste functions.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-65 of this report.

Government-wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Decatur, Georgia, assets exceeded liabilities by \$70,852,107 at the close of the most recent fiscal year. Following is a description of the City's net assets (in thousands) as compared to the previous year.

City of Decatur Net Assets

| | Governmental Activities | | Business-type Activities | | Total Primary Activities | |
|--|----------------------------|------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Assets | | | | | | |
| Current assets | \$ 26,159 | \$ 23,153 | \$ 3,219 | \$ 3,419 | \$ 29,378 | \$ 26,572 |
| Capital assets | 75,643 | 85,838 | 5,124 | 4,820 | 80,767 | 90,658 |
| Other non-current assets | 951 | 5,995 | 58 | 58 | 1,009 | 6,053 |
| Total assets | <u>102,753</u> | <u>114,986</u> | <u>8,401</u> | <u>8,297</u> | <u>111,154</u> | <u>123,283</u> |
| Liabilities | | | | | | |
| Long-term liabilities | 40,893 | 47,810 | 383 | 616 | 41,276 | 48,426 |
| Other liabilities | 3,436 | 2,547 | 1,468 | 1,458 | 4,904 | 4,005 |
| Total assets | <u>44,329</u> | <u>50,357</u> | <u>1,851</u> | <u>2,074</u> | <u>46,180</u> | <u>52,431</u> |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 49,255 | 52,582 | 5,027 | 4,754 | 54,282 | 57,336 |
| Restricted | 129 | 663 | - | - | 129 | 663 |
| Unrestricted | 9,040 | 11,384 | 1,524 | 1,469 | 10,564 | 12,853 |
| Total net assets | <u>\$ 58,424</u> | <u>\$ 64,629</u> | <u>\$ 6,551</u> | <u>\$ 6,223</u> | <u>\$ 64,975</u> | <u>\$ 70,852</u> |

By far the largest portion of the City's net assets (81%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining portions of the City's net assets are either restricted \$663,000 or unrestricted \$12,853,000. Unrestricted net assets may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its business-type activities, with the exception of the Solid Waste Fund. The current goal is to eliminate the remaining negative net asset balance in the Solid Waste Fund in future years.

Changes in Net Assets

At the conclusion of fiscal year 2009-2010 the City's total net assets increased by \$5,876,853. This is primarily due to the increase in capital assets donated by the City of Decatur School System. The following schedule presents a summary of changes in net assets for the fiscal year ending June 30, 2010 (in thousands).

City of Decatur Changes in Net Assets

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|----------------------------|------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,659 | \$ 4,354 | \$ 3,373 | \$ 3,235 | \$ 7,032 | \$ 7,589 |
| Operating grants & contributions | 356 | 320 | - | - | 356 | 320 |
| Capital grants & contributions | 16,419 | 10,474 | - | - | 16,419 | 10,474 |
| General revenues: | | | | | | |
| Property taxes | 14,585 | 15,135 | - | - | 14,585 | 15,135 |
| Franchise taxes | 1,364 | 1,377 | - | - | 1,364 | 1,377 |
| Sales taxes | 641 | 617 | - | - | 641 | 617 |
| Other taxes | 1,399 | 1,394 | - | - | 1,399 | 1,394 |
| Investment earnings | 307 | 151 | - | - | 307 | 151 |
| Gain on sale of capital assets | 12 | - | - | - | 12 | - |
| Total revenues | <u>38,742</u> | <u>33,822</u> | <u>3,373</u> | <u>3,235</u> | <u>42,115</u> | <u>37,057</u> |
| Expenses | | | | | | |
| General government | 6,382 | 6,804 | - | - | 6,382 | 6,804 |
| Education | 1,314 | 2,071 | - | - | 1,314 | 2,071 |
| Public safety | 10,295 | 10,511 | - | - | 10,295 | 10,511 |
| Public works | 3,855 | 3,883 | - | - | 3,855 | 3,883 |
| Recreation | 3,163 | 3,041 | - | - | 3,163 | 3,041 |
| Interest on long-term debt | 1,585 | 1,678 | - | - | 1,585 | 1,678 |
| Conference center | - | - | 363 | 325 | 363 | 325 |
| Stormwater | - | - | 641 | 713 | 641 | 713 |
| Sanitation | - | - | 2,016 | 2,154 | 2,016 | 2,154 |
| Total expenses | <u>26,594</u> | <u>27,988</u> | <u>3,020</u> | <u>3,192</u> | <u>29,614</u> | <u>31,180</u> |
| Income before transfers | 12,148 | 5,834 | 353 | 43 | 12,501 | 5,877 |
| Transfers | (483) | 371 | 483 | (371) | - | - |
| Change in net assets | <u>11,665</u> | <u>6,205</u> | <u>836</u> | <u>(328)</u> | <u>12,501</u> | <u>5,877</u> |
| Net assets beginning of year | 46,759 | 58,424 | 5,715 | 6,551 | 52,474 | 64,975 |
| Net assets end of year | <u>\$ 58,424</u> | <u>\$ 64,629</u> | <u>\$ 6,551</u> | <u>\$ 6,223</u> | <u>\$ 64,975</u> | <u>\$ 70,852</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Governmental charges for services increased by approximately (\$695,000) or (19%) over the prior year. All activity areas realized increases with the majority of the increase being in public safety and recreation revenues. Operating grants and contributions decreased slightly (\$36,000) or (10%) primarily due to State budget cuts that impacted a Department of Human Resources grant for after-school programming. Capital grants and contributions decreased (\$5,945,000) or 36% due to a decrease in contributions of school facilities to the general government by the Decatur school system. Property taxes, including real estate and personal property, increased \$550,000 or approximately 4% over the prior year. This increase reflects the 3.5% increase in the 2009 property digest as well as the consistent collection efforts by the Revenue division staff. Investment earning continued to decline (\$156,000) as interest rates remained low. Other sources of revenue remained consistent with prior years.

Expenses

General Government expenses increased \$422,000 or 7%; Public Safety expenses increased \$216,000 or 2%; and Public Works expenses increased \$28,000 or less than 1%. Recreation expenses decreased \$122,000 or 4%. The increases are primarily due to the implementation of accounting pronouncements related to the recording of the actuarial values of post employment benefits for retirees. The reduction in recreation expenses may be attributed to a reduction in full-time positions. Education expenses increased \$757,000 or 58% due to an increase in depreciation expense on the recent capital asset donations.

Conference Center expenses decreased (\$38,000) or (10%) because repair and maintenance costs were lower than the prior year. Sanitation expenses increased \$138,000 due to increased recycling costs, indirect costs and depreciation expense. Stormwater expenses increased \$72,000 due to stormwater system repairs and maintenance and the purchase of capital equipment.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flow needs.

As of the end of the current fiscal year, the City of Decatur, Georgia's governmental funds reported combined ending fund balances of \$26,121,334, an increase of \$3,300,647 in comparison with the prior year. Approximately forty-two percent of the total amount, \$11,113,846, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$15,007,488) is reserved to indicate that it is not available for new spending because it has already been committed 1) for the tree bank, (\$19,303); 2) to pay debt service, (\$5,498,497); 3) to account for long-term advances, prepaid expenditures and program expenditures (\$1,248,299); and, 4) to finance capital projects that were approved by the voters in September 2006 (\$8,241,389).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The general fund is the chief operating fund of the City of Decatur, Georgia. At the end of the current fiscal year, the fund balance of the general fund was \$7,692,797, while the total fund balance for all governmental funds reached \$26,121,334. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents forty-four percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2009 and 2010 (in thousands).

| General Fund | | | | |
|---------------------------------------|-----------------|-----------------|---------------------------|--------------------------|
| | 2009 | 2010 | \$ Increase (Decrease) | % Increase (Decrease) |
| Revenues | | | | |
| Taxes | \$ 14,738 | \$ 15,468 | 730 | 5 |
| Licenses & permits | 440 | 481 | 41 | 9 |
| Intergovernmental | 326 | 289 | (37) | (11) |
| Fines & forfeitures | 511 | 767 | 256 | 50 |
| Charges for services | 1,115 | 1,259 | 144 | 13 |
| Interest income | 86 | 13 | (73) | (85) |
| Other revenues | 57 | 142 | 85 | 149 |
| Total revenues | <u>17,273</u> | <u>18,419</u> | <u>1,146</u> | <u>7</u> |
| Expenditures | | | | |
| General government | 5,368 | 5,380 | 12 | 0 |
| Public safety | 7,959 | 7,614 | (345) | (4) |
| Public works | 3,080 | 3,139 | 59 | 2 |
| Recreation | 1,381 | 1,361 | (20) | (1) |
| Total expenditures | <u>17,788</u> | <u>17,494</u> | <u>(294)</u> | <u>(2)</u> |
| Excess of revenues over expenditures | (515) | 925 | 1,440 | 280 |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 18 | - | (18) | (100) |
| Transfers in | 645 | 737 | 92 | 14 |
| Transfers out | (670) | (660) | 10 | (1) |
| Total other financing sources (uses) | <u>(7)</u> | <u>77</u> | <u>84</u> | <u>1,200</u> |
| Net change in fund balances | (522) | 1,002 | 1,524 | (292) |
| Fund balances, beginning of year | 7,213 | 6,691 | (522) | (7) |
| Fund balances, end of year | <u>\$ 6,691</u> | <u>\$ 7,693</u> | <u>1,002</u> | <u>15</u> |

General Fund Revenues

Revenue from taxes increased approximately \$730,000 or five percent over the prior year. Just over 20% of the increase came from penalty and interest on delinquent taxes. The remainder of the increase came from real and personal property taxes and alcohol sales taxes. Licenses and permits increased \$41,000 or 9% as building permits started to realize a gradual rebound with residential new construction and renovations. Intergovernmental revenues decreased (\$37,000) or (11%) due to slight decreases in management fees charged by the City to the Decatur Downtown Development Authority. Fines and forfeitures experienced an increase of \$256,000 or 50% which reflects the successful efforts to fill the vacancies in the Police department. Charges for services increased \$144,000 or 13% as participation increased in Active Living programs and through higher collections from parking meters. Interest income decreased (\$73,000) or (85%) as available interest rates continued to decline.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Expenditures

Overall general fund expenditures decreased (\$294,000) or (2%) from the prior year. Much of the decrease can be attributed to significant savings realized through a new health insurance program that was implemented at the beginning of the fiscal year. General Government expenditures remained flat. Public Works expenditures have increased \$59,000 or 2%. Public safety expenditures decreased (\$345,000) or (4%) due to the reduction in health insurance costs and the discontinuation of the automated red light citation program. Recreation expenditures decreased (\$20,000) or (1%) which reflects decreases in personnel costs including health insurance expenditures.

Transfers from other funds increased from \$645,000 to \$737,000 which reflects a full year of hotel/motel tax being distributed to the general fund.

Other Fund Activities

Capital Improvement Fund. The Capital Improvement Fund's fund balance decreased by (\$2,766,314) to \$10,244,772. The reduction from the previous year is due to the budgeted expenditures from the general obligation bonds for capital projects. The purpose of the capital improvement fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments. Major capital outlay projects in fiscal year 2010 included Glenlake Park improvements, sidewalk construction and planning and design development for Decatur Recreation Center.

Debt Service Fund. The Debt Service Fund's fund balance increased by \$4,996,398 to \$6,214,225 all of which is reserved for prepaids and the payment of debt service. The fund balance is used to cover cash flow needs for debt service payments for the general obligation bonds issued in 2007. The final debt payments for the conference center were made in fiscal 2009. The fund balance increased due to accounting principles which required the school system's sales tax notes of \$5,900,000 to be reflected on the City's financial statements, although the City never possessed the funds and the school system is responsible for paying back the debt with sales tax revenue.

Emergency Telephone System Fund. In fiscal year 2003-2004 the Emergency Telephone System Fund was created to account for receipts from the E-911 and wireless E-911 telephone charges and for expenditures to maintain and operate an E-911 communications center. In fiscal year 2010, the fund balance increased \$25,583 to \$406,932. In April 2008, an E911 wireless fee of \$1.50 was added to voice over Internet protocol (VOIP) connections to be effective in August 2008. The General Fund transferred \$225,000 to this fund to meet operational needs.

Children and Youth Services Fund. This fund was created in 2009 to account for after school programs and summer camps offered to elementary and middle school age children. Transfers from the General fund and Grant fund of \$400,000 and \$50,000, respectively, were made to continue operations in this fund. In fiscal year 2010, the fund balance increased \$51,291 to \$941,774.

The activities of other non major funds can be found on pages 68 and 69.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains three enterprise funds that account for activities of the city that are operated in a business fashion. Those funds include the Conference Center and Parking Deck Fund, the Stormwater Utility Fund and the Solid Waste Fund.

Conference and Parking Deck Fund. Revenue from charges for services for the conference center and parking fund were comparable with the prior year. Expenses for sales and services decreased (\$24,109) or (30%) as less major maintenance expenses were necessary in the current year. Depreciation expenses remained the same. There was no interest expense as the final debt service payment was made in fiscal 2009. This fund received \$87,314 in hotel/motel tax distributions which helped to offset the operating loss of this fund.

Stormwater Utility Fund. Fund balance decreased by (\$49,420) to \$3,311,808. Revenue from stormwater fees decreased approximately (\$94,000) or (9%) due to lower than anticipated collections. Expenses increased \$71,832 or 11% which reflect an increase in storm drainage improvements in conjunction with streetscapes projects and construction of neighborhood storm drainage improvements. Over the next 18-24 months, the City will be pursuing various capital funding opportunities, including the use of revenue bonds in order to complete projects contained in the stormwater master plan.

Solid Waste Fund. Revenues in this fund decreased slightly (\$43,486) or (2%) because of the slowdown in the local economy. Operating expenses increased \$139,061 or 7% due to increased garbage disposal and recycling services expenses and increased indirect costs. Fund balance was reduced by (\$125,483), increasing the fund deficit to (\$270,906). The solid waste fund continued a positive cash position with cash balances at June 30, 2010 of \$1,115,401. The Public Works staff continues to analyze costs and service charges to confirm that fees charged cover the cost of services delivered as well as developing alternative service delivery options to reduce costs and to reduce the deficit in total net assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Pension Trust Fund that holds assets to be used for paying pension obligations of city employees. The Pension Trust Fund had a net increase of \$2,322,755 to net assets during fiscal year 2009-2010 contrary to anticipated market forces.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 21. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were \$510,581 or 2.8% higher than the final budgeted amounts. The City was conservative with its revenue estimates and most revenue categories came in higher than anticipated with 40% of the difference being in taxes. The original adopted budget for revenues was just \$11,510 or less than 1% greater than the final budget which cautiously estimated revenues. Actual expenditures were \$875,449 less than the final budget with the differences of about 58% from personnel and benefit cost savings; 30% from savings on services; and, 12% from supplies. The original adopted budget for expenditures was \$253,920 or 1.3% more than the final budget as expenditures were reduced to reflect salary savings and other savings throughout the year. The higher than anticipated revenues and lower than budgeted expenditures resulted in an addition to fund balance of \$1,001,933 or an ending fund balance of \$7,692,797.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to \$90,658,776 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.) The City's investment in capital assets increased 12% for the current fiscal year primarily from the continuing expenditure of bond proceeds for park construction, cemetery improvements, sidewalk construction, and the planning and design of public safety and recreation facilities. Additional information on the City's capital assets can be found in Note 6 on pages 42-44 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government (in thousands).

Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------------------------|----------------------------|------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Land | \$ 2,759 | \$ 2,735 | \$ 280 | \$ 280 | \$ 3,039 | \$ 3,015 |
| Construction in progress | 28,113 | 10,418 | 53 | 53 | 28,166 | 10,471 |
| Land improvements | 260 | 255 | - | - | 260 | 255 |
| Infrastructure | 7,434 | 6,948 | 1,661 | 1,580 | 9,095 | 8,528 |
| Building & improvements | 35,510 | 63,725 | 2,620 | 2,352 | 38,130 | 66,077 |
| Machinery & equipment | 847 | 875 | - | - | 847 | 875 |
| Vehicles | 721 | 882 | - | - | 721 | 882 |
| Furniture, fixtures, & equipment | - | - | 511 | 555 | 511 | 555 |
| Total | \$ 75,644 | \$ 85,838 | \$ 5,125 | \$ 4,820 | \$ 80,769 | \$ 90,658 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt and Capital Leases. At the end of the current fiscal year, the City had long-term bonded debt in the amount of \$33,193,473 including the bond issuance premium. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The City's total assessed valuation for fiscal 2010 is \$1,244,373,000 with a current debt limitation for the City of \$124,437,300, not including current debt outstanding.

The City has entered into lease agreements for financing the acquisition of equipment, machinery and improvements. The total amount of machinery, equipment and vehicles under capital leases at June 30, 2010 was \$830,595 and \$162,458 for governmental activities and business-type activities, respectively.

At June 30, 2010, the City had long-term debt in the amount of \$48,425,596 which was comprised of \$33,193,473 in general obligation bonds payable, \$9,638,497 in capital leases, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and \$616,020 in capital leases, net OPEB obligation and compensated absences in the business-type activities. The long-term debt in governmental activities also includes \$4,977,606 in notes payable and related issuance premium for the school system sales tax notes. The long-term debt includes the general obligation bonds issued in January 2007. The bond issuance will finance approximately \$16,600,000 worth of capital improvements for city-related capital projects, including transportation improvements, parks and recreation improvements, greenspace acquisition, public safety facility renovations, and public works improvements. The City Schools of Decatur will use approximately \$16,500,000 for school-related capital projects. Also included in the long-term debt are the certificates of participation issued in July 2005 in the principal amount of \$2,810,000 to finance the renovation and addition of Decatur City Hall.

Additional information on the City's long-term debt can be found in Note 7 on pages 45-51 of this report.

Pension and Other Post Employment Benefits. The City of Decatur, Georgia sponsors a single-employer defined benefit pension plan for all of its full-time employees. Annually, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City fully funds each year's annual required contribution to the retirement system as determined by the actuary. As a result, the City contributed 8.27% of payroll during fiscal year ending June 30, 2010 to fund the system's liability for projected benefits earned by employees.

The City also provides post retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 72 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Starting in the 2008-2009 fiscal year the City had to account for other post employment benefits in accordance with GASB Standard 45. An independent actuarial analysis determined that the City's cumulative future liability for these benefits or unfunded actuarial accrued liability was \$52,231,040. The City makes contributions toward this liability and to the extent contributions are not made a liability is accrued on the City's statement of net assets. The liability was \$5,303,876 at June 30, 2010.

Additional information on the City of Decatur, Georgia's pension arrangements and post employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors

Since the City is not reliant on sales tax as a primary revenue source, the impact of the economic recession has been moderate. Also, the City's housing market has avoided the mass foreclosures experienced by many communities and real estate has continued to hold its value. The real property digest declined less than 1% from 2009 to 2010. The digest saw some increases in value from new occupancy and from renovations to existing buildings; however, a decrease in the real property digest due to reevaluation, particularly from commercial properties, negated any growth. Any growth in the digest is expected to hold steady with some moderate growth in the upcoming years. Based on our current experience, the City's tax collection rate has not decreased and we have not experienced a significant increase in delinquent accounts. Other revenue concerns include the uncertain future of franchise taxes, legislative interference in restricting local government revenue sources and local government control of finance and budgeting decisions. Ultimately, the City's conservative financial practices, long-term planning, culture of innovation, and strategic approach to financial challenges has resulted in the City's ability to avoid layoffs and furloughs and to maintain high quality service delivery.

The unemployment rate for DeKalb County is currently 8.7%. Unemployment rates are not available for the City of Decatur but due to the diversity of the employment base, it is likely that the City's rate would be slightly lower. The occupancy rate of the government's central business district is approximately 82% as compared to surrounding areas that average a 78% occupancy rate. Inflationary trends in the region compare favorably to national indices. Vacancies in two downtown office buildings created by downsizing and the completion of the new permanent campus for CDC have been reduced by the relocation of DeVry Institute and the opening of a Decatur campus for the Art Institute of Atlanta. Interest in downtown Decatur commercial space remains high with newer tenants representing smaller professional, service and creative businesses that will bring a healthier mix capable of weathering changes in the new economy. Residential living units in the central business district continue to add to the economic vitality of the district.

Next Year's Budget

At June 30, 2010, unreserved fund balance in the general fund was \$7,670,301. The City has appropriated (\$700,000) of this amount for spending in the 2011 fiscal year budget. This use of fund balance was recommended to avoid a millage rate increase. Next year's budget does not include funding for salary step increases but does include a one-time one pay period merit based adjustment. Other activities will include an emphasis on conservation of City resources; initiation of the ten-year strategic planning effort; development of environmental initiatives; performance measurement; technology improvements; and, capital investments through the general obligation bond financing that was approved in September 2006. Additionally, it is anticipated that the City will issue bonds by December 31, 2010 for significant renovations and improvements to Fire Station No. 1, Decatur Recreation Center and the Public Works facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 509 North McDonough Street, City of Decatur, Georgia 30030. This report and other financial reports can be viewed on the City of Decatur's website at www.decaturga.com within the Administrative Services Department section.

CITY OF DECATUR, GEORGIA

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

| ASSETS | Primary Government | | | Component Units | | |
|---|----------------------|---------------------|----------------------|-------------------|------------------|---------------------|
| | Governmental | Business-type | Total | Downtown | Decatur | City |
| | Activities | Activities | | Development | Tourism | Schools of |
| | | | Authority | Board | Decatur | |
| Cash and cash equivalents | \$ 19,981,988 | \$ 3,865,823 | \$ 23,847,811 | \$ 294,790 | \$ 28,507 | \$ 30,914,416 |
| Taxes receivable | 758,087 | - | 758,087 | 19,648 | - | 1,043,314 |
| Other receivables | 474,197 | - | 474,197 | 8,158 | - | 193,594 |
| Accounts receivable, net of allowances | - | 192,525 | 192,525 | - | - | - |
| Due from primary government | - | - | - | 51,159 | 7,558 | 2,659,696 |
| Due from other governments | - | - | - | - | - | 2,132,850 |
| Internal balances | 640,234 | (640,234) | - | - | - | - |
| Inventory | - | - | - | - | - | 29,869 |
| Prepaid items | 790,511 | - | 790,511 | 9,874 | - | - |
| Restricted investments | 481,563 | - | 481,563 | - | - | - |
| Other current assets | 26,500 | - | 26,500 | - | - | - |
| Note receivable from component unit | 4,941,000 | - | 4,941,000 | - | - | - |
| Deferred charges, unamortized balance | 438,136 | - | 438,136 | - | - | - |
| Capital assets: | | | | | | |
| Non-depreciable | 13,152,487 | 333,368 | 13,485,855 | - | - | 621,583 |
| Depreciable, net of accumulated depreciation | 72,686,024 | 4,486,897 | 77,172,921 | - | - | 3,777,932 |
| Other non-current assets | 615,496 | 58,235 | 673,731 | - | - | 272,844 |
| Total assets | 114,986,223 | 8,296,614 | 123,282,837 | 383,629 | 36,065 | 41,646,098 |
| LIABILITIES | | | | | | |
| Accounts payable | 448,926 | 75,439 | 524,365 | 32,182 | 3,303 | 2,225,529 |
| Accrued liabilities | 1,827,859 | 41,801 | 1,869,660 | - | - | 4,784,945 |
| Unearned revenue | 259,259 | 1,340,535 | 1,599,794 | - | - | 10,256,805 |
| Due to component unit | 11,315 | - | 11,315 | - | - | - |
| Due to primary government | - | - | - | - | - | 41,000 |
| Certificates of participation due within one year | 110,000 | - | 110,000 | - | - | - |
| Certificates of participation due in more than one year | 3,334,011 | - | 3,334,011 | - | - | 10,295,000 |
| Claims and judgments payable due within one year | 10,088 | - | 10,088 | - | - | - |
| Compensated absences, current | 613,974 | 62,684 | 676,658 | - | - | 56,080 |
| Compensated absences, long-term | 360,988 | 28,434 | 389,422 | - | - | 44,492 |
| Capital leases due within one year | 132,848 | 32,642 | 165,490 | - | - | 125,761 |
| Capital leases due in more than one year | 231,158 | 33,814 | 264,972 | - | - | 2,807,002 |
| Notes payable due within one year | 1,600,000 | - | 1,600,000 | - | - | - |
| Notes payable due in more than one year | 3,377,606 | - | 3,377,606 | - | - | - |
| Note payable to primary government due within one year | - | - | - | - | - | 1,600,000 |
| Notes payable to primary government due in more than one year | - | - | - | - | - | 3,300,000 |
| Bonds payable due within one year | 355,000 | - | 355,000 | - | - | - |
| Bonds payable due in more than one year | 32,838,473 | - | 32,838,473 | - | - | - |
| Net OPEB obligation | 4,845,430 | 458,446 | 5,303,876 | - | - | - |
| Total liabilities | 50,356,935 | 2,073,795 | 52,430,730 | 32,182 | 3,303 | 35,536,614 |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 52,582,367 | 4,753,809 | 57,336,176 | - | - | 976,496 |
| Restricted for capital projects | - | - | - | - | - | 3,004,881 |
| Restricted for debt service | 598,497 | - | 598,497 | - | - | - |
| Restricted for grant programs | 64,193 | - | 64,193 | - | - | - |
| Unrestricted | 11,384,231 | 1,469,010 | 12,853,241 | 351,447 | 32,762 | 2,128,107 |
| Total net assets | \$ 64,629,288 | \$ 6,222,819 | \$ 70,852,107 | \$ 351,447 | \$ 32,762 | \$ 6,109,484 |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--|----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,803,581 | \$ 842,032 | \$ 90,775 | \$ - |
| Education | 2,071,344 | 90,667 | 59,000 | 10,116,123 |
| Public safety | 10,511,004 | 1,985,250 | 2,963 | 131,397 |
| Public works | 3,883,283 | 113,746 | 3,677 | 171,109 |
| Recreation | 3,041,419 | 1,322,361 | 163,665 | 55,000 |
| Interest on long-term debt | 1,678,107 | - | - | - |
| Total governmental activities | <u>27,988,738</u> | <u>4,354,056</u> | <u>320,080</u> | <u>10,473,629</u> |
| Business-type activities: | | | | |
| Conference center | 324,691 | 84,329 | - | - |
| Stormwater | 712,745 | 928,495 | - | - |
| Solid waste | 2,154,476 | 2,222,633 | - | - |
| Total business-type activities | <u>3,191,912</u> | <u>3,235,457</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 31,180,650</u> | <u>\$ 7,589,513</u> | <u>\$ 320,080</u> | <u>\$ 10,473,629</u> |
| Component units: | | | | |
| Downtown Development Authority | \$ 750,180 | \$ - | \$ - | \$ - |
| Decatur Tourism Board | 84,915 | - | - | - |
| City Schools of Decatur | 51,376,119 | 2,008,089 | 14,368,006 | - |
| Total component units | <u>\$ 52,211,214</u> | <u>\$ 2,008,089</u> | <u>\$ 14,368,006</u> | <u>\$ -</u> |
| General revenues: | | | | |
| Property taxes | | | | |
| Franchise taxes | | | | |
| Sales taxes | | | | |
| Other taxes | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net assets | | | | |
| Net assets, beginning of year | | | | |
| Net assets, end of year | | | | |

The accompanying notes are an integral part of these financial statements.

| Net (Expenses) Revenues and Changes in Net Assets | | | | | |
|--|-------------------------------------|----------------|---|--------------------------------------|--|
| Primary Government | | | Component Units | | |
| Governmental Activities | Business-type Activities | Total | Downtown Development Authority | Decatur Tourism Board | City Schools of Decatur |
| \$ (5,870,774) | \$ - | \$ (5,870,774) | \$ - | \$ - | \$ - |
| 8,194,446 | - | 8,194,446 | - | - | - |
| (8,391,394) | - | (8,391,394) | - | - | - |
| (3,594,751) | - | (3,594,751) | - | - | - |
| (1,500,393) | - | (1,500,393) | - | - | - |
| (1,678,107) | - | (1,678,107) | - | - | - |
| (12,840,973) | - | (12,840,973) | - | - | - |
| - | (240,362) | (240,362) | - | - | - |
| - | 215,750 | 215,750 | - | - | - |
| - | 68,157 | 68,157 | - | - | - |
| - | 43,545 | 43,545 | - | - | - |
| (12,840,973) | 43,545 | (12,797,428) | - | - | - |
| - | - | - | (750,180) | - | - |
| - | - | - | - | (84,915) | - |
| - | - | - | - | - | (35,000,024) |
| \$ - | \$ - | \$ - | \$ (750,180) | \$ (84,915) | \$ (35,000,024) |
| \$ 15,135,212 | \$ - | \$ 15,135,212 | \$ 454,588 | \$ - | \$ 22,763,573 |
| 1,377,174 | - | 1,377,174 | - | - | - |
| 616,832 | - | 616,832 | - | - | 2,686,336 |
| 1,393,941 | - | 1,393,941 | - | 87,314 | - |
| - | - | - | - | - | 13,794 |
| 151,122 | - | 151,122 | - | 55 | 49,430 |
| - | - | - | 310,604 | - | 639,506 |
| 371,496 | (371,496) | - | - | - | - |
| 19,045,777 | (371,496) | 18,674,281 | 765,192 | 87,369 | 26,152,639 |
| 6,204,804 | (327,951) | 5,876,853 | 15,012 | 2,454 | (8,847,385) |
| 58,424,484 | 6,550,770 | 64,975,254 | 336,435 | 30,308 | 14,956,869 |
| \$ 64,629,288 | \$ 6,222,819 | \$ 70,852,107 | \$ 351,447 | \$ 32,762 | \$ 6,109,484 |

CITY OF DECATUR, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

| ASSETS | General Fund | Capital Improvement Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|---|----------------------------------|---|---|
| Cash and cash equivalents | \$ 7,164,647 | \$ 9,306,041 | \$ 1,279,330 | \$ 2,231,970 | \$ 19,981,988 |
| Taxes receivable | 576,176 | 54,400 | 100,868 | 26,643 | 758,087 |
| Other receivables | 301,639 | 113,255 | - | 59,303 | 474,197 |
| Due from other funds | 1,101,808 | 240,439 | 281 | - | 1,342,528 |
| Due from component unit | - | - | 4,900,000 | - | 4,900,000 |
| Restricted investments | - | 481,563 | - | - | 481,563 |
| Advances to other funds | - | 393,595 | - | - | 393,595 |
| Prepaid expenditures | 22,496 | 46,431 | 715,728 | 5,856 | 790,511 |
| Other current assets | 26,500 | - | - | - | 26,500 |
| Total assets | \$ 9,193,266 | \$ 10,635,724 | \$ 6,996,207 | \$ 2,323,772 | \$ 29,148,969 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 399,028 | \$ - | \$ - | \$ 49,898 | \$ 448,926 |
| Accrued liabilities | 726,441 | 280,454 | - | 727 | 1,007,622 |
| Deferred revenues | 369,517 | 28,112 | 66,254 | - | 463,883 |
| Due to other funds | 1,726 | 82,386 | 715,728 | 258,576 | 1,058,416 |
| Due to component unit | 3,757 | - | - | 7,558 | 11,315 |
| Advances from other funds | - | - | - | 37,473 | 37,473 |
| Total liabilities | 1,500,469 | 390,952 | 781,982 | 354,232 | 3,027,635 |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Long-term advances | - | 393,595 | - | - | 393,595 |
| Prepaid expenditures | 22,496 | 46,431 | 715,728 | 5,856 | 790,511 |
| Program expenditures | - | - | - | 64,193 | 64,193 |
| Tree preservation | - | - | - | 19,303 | 19,303 |
| Debt service | - | - | 5,498,497 | - | 5,498,497 |
| Capital projects | - | 8,241,389 | - | - | 8,241,389 |
| Unreserved, reported in: | | | | | |
| General fund | 7,670,301 | - | - | - | 7,670,301 |
| Special revenue funds | - | - | - | 1,559,635 | 1,559,635 |
| Capital projects funds | - | 1,563,357 | - | 320,553 | 1,883,910 |
| Total fund balances | 7,692,797 | 10,244,772 | 6,214,225 | 1,969,540 | 26,121,334 |
| Total liabilities and fund balances | \$ 9,193,266 | \$ 10,635,724 | \$ 6,996,207 | \$ 2,323,772 | |

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 85,838,511 |
| Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 455,613 |
| Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds. | 41,000 |
| Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. | (48,442,666) |
| Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds. | 615,496 |
| Net assets of governmental activities | \$ 64,629,288 |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | <u>General Fund</u> | <u>Capital Improvement Fund</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---|----------------------------------|---|---|
| Revenues | | | | | |
| Taxes | \$ 15,468,265 | \$ 1,183,526 | \$ 1,790,673 | \$ 305,598 | \$ 18,748,062 |
| Licenses and permits | 480,648 | - | - | - | 480,648 |
| Intergovernmental | 289,328 | 307,817 | - | 186,535 | 783,680 |
| Fines and forfeitures | 767,232 | - | - | - | 767,232 |
| Charges for services | 1,258,941 | - | - | 1,422,838 | 2,681,779 |
| Interest income | 12,553 | 38,990 | 57,930 | 649 | 110,122 |
| Contributions | 7,335 | - | - | 43,154 | 50,489 |
| Other revenues | 135,069 | 11,330 | 59,000 | 62,415 | 267,814 |
| Total revenues | <u>18,419,371</u> | <u>1,541,663</u> | <u>1,907,603</u> | <u>2,021,189</u> | <u>23,889,826</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 5,380,178 | 261,540 | - | 194,325 | 5,836,043 |
| Public safety | 7,614,563 | - | - | 815,347 | 8,429,910 |
| Public works | 3,138,709 | - | - | - | 3,138,709 |
| Recreation | 1,360,701 | - | - | 1,384,693 | 2,745,394 |
| Capital outlay | - | 3,501,698 | - | - | 3,501,698 |
| Debt service: | | | | | |
| Principal retirements | - | 271,295 | 1,275,000 | - | 1,546,295 |
| Interest and fiscal charges | - | 126,421 | 1,496,664 | - | 1,623,085 |
| Costs of debt issuance | - | - | 140,272 | - | 140,272 |
| Total expenditures | <u>17,494,151</u> | <u>4,160,954</u> | <u>2,911,936</u> | <u>2,394,365</u> | <u>26,961,406</u> |
| Excess (deficiency) of revenues over expenditures | <u>925,220</u> | <u>(2,619,291)</u> | <u>(1,004,333)</u> | <u>(373,176)</u> | <u>(3,071,580)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from debt issuance | - | - | 5,900,000 | - | 5,900,000 |
| Premium on issuance of debt | - | - | 100,731 | - | 100,731 |
| Transfers in | 736,713 | - | - | 710,000 | 1,446,713 |
| Transfers out | (660,000) | (147,023) | - | (268,194) | (1,075,217) |
| Total other financing sources (uses) | <u>76,713</u> | <u>(147,023)</u> | <u>6,000,731</u> | <u>441,806</u> | <u>6,372,227</u> |
| Net change in fund balance | 1,001,933 | (2,766,314) | 4,996,398 | 68,630 | 3,300,647 |
| Fund balances, beginning of year | <u>6,690,864</u> | <u>13,011,086</u> | <u>1,217,827</u> | <u>1,900,910</u> | <u>22,820,687</u> |
| Fund balances, end of year | <u>\$ 7,692,797</u> | <u>\$ 10,244,772</u> | <u>\$ 6,214,225</u> | <u>\$ 1,969,540</u> | <u>\$ 26,121,334</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ 3,300,647 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | 271,497 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net assets. | 9,923,277 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (183,903) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (4,327,264) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>(2,779,450)</u> |
| Change in net assets - governmental activities | <u>\$ 6,204,804</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Budget | | Actual | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 15,270,600 | \$ 15,263,940 | \$ 15,468,265 | \$ 204,325 |
| Licenses and permits | 362,100 | 445,490 | 480,648 | 35,158 |
| Fines and forfeitures | 564,500 | 680,000 | 767,232 | 87,232 |
| Interest | 100,000 | 13,500 | 12,553 | (947) |
| Charges for services | 1,147,450 | 1,114,750 | 1,258,941 | 144,191 |
| Intergovernmental | 421,650 | 308,010 | 289,328 | (18,682) |
| Contributions | - | - | 7,335 | 7,335 |
| Miscellaneous | 54,000 | 83,100 | 135,069 | 51,969 |
| Total revenues | 17,920,300 | 17,908,790 | 18,419,371 | 510,581 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Commission | 129,480 | 110,980 | 105,041 | 5,939 |
| Manager | 841,900 | 819,260 | 775,507 | 43,753 |
| Administrative services | 1,786,070 | 1,696,730 | 1,614,106 | 82,624 |
| Attorney | 300,000 | 179,000 | 178,241 | 759 |
| Community & economic development | 1,073,270 | 1,035,150 | 939,475 | 95,675 |
| Development and inspection | 589,070 | 587,590 | 515,918 | 71,672 |
| Accounting, collection and records | 1,326,480 | 1,319,970 | 1,251,890 | 68,080 |
| Total general government | 6,046,270 | 5,748,680 | 5,380,178 | 368,502 |
| Public safety: | | | | |
| General management | 1,021,380 | 1,007,950 | 990,567 | 17,383 |
| Fire | 3,291,280 | 3,331,520 | 3,153,240 | 178,280 |
| Police | 3,696,230 | 3,702,110 | 3,470,756 | 231,354 |
| Total public safety | 8,008,890 | 8,041,580 | 7,614,563 | 427,017 |
| Public works: | | | | |
| Engineering | 718,940 | 730,340 | 684,689 | 45,651 |
| Motor maintenance | 551,090 | 572,220 | 621,424 | (49,204) |
| Buildings and grounds maintenance | 1,518,950 | 1,506,450 | 1,422,803 | 83,647 |
| Cemetery | 417,600 | 418,600 | 409,793 | 8,807 |
| Total public works | 3,206,580 | 3,227,610 | 3,138,709 | 88,901 |
| Recreation | 1,361,780 | 1,351,730 | 1,360,701 | (8,971) |
| Total expenditures | 18,623,520 | 18,369,600 | 17,494,151 | 875,449 |
| Excess (deficiency) of revenues over expenditures | (703,220) | (460,810) | 925,220 | 1,386,030 |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 15,000 | - | - | - |
| Transfers out | (760,000) | (660,000) | (660,000) | - |
| Transfers in | 746,220 | 727,810 | 736,713 | 8,903 |
| Total other financing sources (uses) | 1,220 | 67,810 | 76,713 | 8,903 |
| Net change in fund balances | (702,000) | (393,000) | 1,001,933 | 1,394,933 |
| Fund balances, beginning of year | 6,690,864 | 6,690,864 | 6,690,864 | - |
| Fund balances, end of year | \$ 5,988,864 | \$ 6,297,864 | \$ 7,692,797 | \$ 1,394,933 |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

| ASSETS | Business-type Activities - Enterprise Funds | | | Totals |
|---|---|-------------------------|---------------------|---------------------|
| | Conference & Parking Deck Fund | Stormwater Utility Fund | Solid Waste Fund | |
| CURRENT ASSETS | | | | |
| Cash | \$ 591,618 | \$ 2,158,804 | \$ 1,115,401 | \$ 3,865,823 |
| Accounts receivable | 6,000 | 67,089 | 119,436 | 192,525 |
| Due from other funds | 7,614 | 300 | 940 | 8,854 |
| Total current assets | <u>605,232</u> | <u>2,226,193</u> | <u>1,235,777</u> | <u>4,067,202</u> |
| NONCURRENT ASSETS | | | | |
| Construction in progress | - | 53,303 | - | 53,303 |
| Land | 194,860 | 85,205 | - | 280,065 |
| Infrastructure | - | 3,749,424 | - | 3,749,424 |
| Buildings | 8,469,375 | - | - | 8,469,375 |
| Furniture, fixtures and equipment | 184,882 | 203,252 | 1,978,076 | 2,366,210 |
| | <u>8,849,117</u> | <u>4,091,184</u> | <u>1,978,076</u> | <u>14,918,377</u> |
| Accumulated depreciation | (6,270,674) | (2,327,000) | (1,500,438) | (10,098,112) |
| Total capital assets | <u>2,578,443</u> | <u>1,764,184</u> | <u>477,638</u> | <u>4,820,265</u> |
| Other noncurrent assets | - | 19,818 | 38,417 | 58,235 |
| Total noncurrent assets | <u>2,578,443</u> | <u>1,784,002</u> | <u>516,055</u> | <u>4,878,500</u> |
| Total assets | <u>3,183,675</u> | <u>4,010,195</u> | <u>1,751,832</u> | <u>8,945,702</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 1,758 | - | 73,681 | 75,439 |
| Accrued liabilities | - | 14,290 | 27,511 | 41,801 |
| Compensated absences payable | - | 15,149 | 47,535 | 62,684 |
| Due to other funds | - | 66,951 | 226,015 | 292,966 |
| Deferred revenue | - | 412,996 | 927,539 | 1,340,535 |
| Capital lease, due within one year | - | - | 32,642 | 32,642 |
| Total current liabilities | <u>1,758</u> | <u>509,386</u> | <u>1,334,923</u> | <u>1,846,067</u> |
| NONCURRENT LIABILITIES | | | | |
| Capital lease, due in more than one year | - | - | 33,814 | 33,814 |
| Compensated absences - long term | - | - | 28,434 | 28,434 |
| Net OPEB obligation | - | 156,016 | 302,430 | 458,446 |
| Advances from other funds | - | 32,985 | 323,137 | 356,122 |
| Total noncurrent liabilities | <u>-</u> | <u>189,001</u> | <u>687,815</u> | <u>876,816</u> |
| Total liabilities | <u>1,758</u> | <u>698,387</u> | <u>2,022,738</u> | <u>2,722,883</u> |
| NET ASSETS (DEFICIT) | | | | |
| Invested in capital assets, net of related debt | 2,578,443 | 1,764,184 | 411,182 | 4,753,809 |
| Unrestricted | 603,474 | 1,547,624 | (682,088) | 1,469,010 |
| Total net assets (deficit) | <u>\$ 3,181,917</u> | <u>\$ 3,311,808</u> | <u>\$ (270,906)</u> | <u>\$ 6,222,819</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Business-type Activities - Enterprise Funds | | | |
|------------------------------------|--|--|---------------------------------|---------------------|
| | Conference & Parking Deck Fund | Stormwater Utility Fund | Solid Waste Fund | Totals |
| OPERATING REVENUE | | | | |
| Storm water fees | \$ - | \$ 928,495 | \$ - | \$ 928,495 |
| Sanitation fees | - | - | 2,212,766 | 2,212,766 |
| Charges for sales and services | 84,329 | - | - | 84,329 |
| Miscellaneous | - | - | 9,867 | 9,867 |
| Total operating revenues | <u>84,329</u> | <u>928,495</u> | <u>2,222,633</u> | <u>3,235,457</u> |
| OPERATING EXPENSES | | | | |
| Cost of sales and services | 56,198 | 623,137 | 1,997,627 | 2,676,962 |
| Depreciation and amortization | 268,493 | 89,608 | 153,332 | 511,433 |
| Total operating expenses | <u>324,691</u> | <u>712,745</u> | <u>2,150,959</u> | <u>3,188,395</u> |
| Operating income (loss) | <u>(240,362)</u> | <u>215,750</u> | <u>71,674</u> | <u>47,062</u> |
| NON-OPERATING EXPENSES | | | | |
| Interest expense | - | - | (3,517) | (3,517) |
| Total non-operating expenses | <u>-</u> | <u>-</u> | <u>(3,517)</u> | <u>(3,517)</u> |
| Income (loss) before transfers | <u>(240,362)</u> | <u>215,750</u> | <u>68,157</u> | <u>43,545</u> |
| Transfers in | 87,314 | - | - | 87,314 |
| Transfers out | - | (265,170) | (193,640) | (458,810) |
| | <u>87,314</u> | <u>(265,170)</u> | <u>(193,640)</u> | <u>(371,496)</u> |
| Change in net assets | <u>(153,048)</u> | <u>(49,420)</u> | <u>(125,483)</u> | <u>(327,951)</u> |
| Total net assets, beginning | <u>3,334,965</u> | <u>3,361,228</u> | <u>(145,423)</u> | <u>6,550,770</u> |
| Total net assets, ending | <u>\$ 3,181,917</u> | <u>\$ 3,311,808</u> | <u>\$ (270,906)</u> | <u>\$ 6,222,819</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Business-type Activities - Enterprise Funds | | | |
|--|--|--------------------------------|-------------------------|---------------|
| | Conference & Parking Deck Fund | Stormwater Utility Fund | Solid Waste Fund | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 76,715 | \$ 970,251 | \$ 2,311,829 | \$ 3,358,795 |
| Payments to suppliers | (98,850) | (121,392) | (922,953) | (1,143,195) |
| Payments to employees | - | (427,016) | (907,828) | (1,334,844) |
| Net cash provided by (used in) operating activities | (22,135) | 421,843 | 481,048 | 880,756 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in from other funds | 87,314 | - | - | 87,314 |
| Transfers out to other funds | - | (265,170) | (193,640) | (458,810) |
| Receipt of advances from other funds | - | - | 178,204 | 178,204 |
| Net cash provided by (used in) non-capital financing activities | 87,314 | (265,170) | (15,436) | (193,292) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Principal payments on capital leases | - | - | (31,511) | (31,511) |
| Interest paid | - | - | (3,517) | (3,517) |
| Purchases of capital assets | - | (13,445) | (193,706) | (207,151) |
| Net cash used in capital and related financing activities | - | (13,445) | (228,734) | (242,179) |
| Net increase in cash | 65,179 | 143,228 | 236,878 | 445,285 |
| Cash, beginning of year | 526,439 | 2,015,576 | 878,523 | 3,420,538 |
| Cash, end of year | \$ 591,618 | \$ 2,158,804 | \$ 1,115,401 | \$ 3,865,823 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (240,362) | \$ 215,750 | \$ 71,674 | \$ 47,062 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 268,493 | 89,608 | 153,332 | 511,433 |
| Change in assets and liabilities: | | | | |
| Decrease in fees receivable | - | 37,181 | 92,272 | 129,453 |
| Increase in due from other funds | (7,614) | (300) | (940) | (8,854) |
| (Increase) decrease in other assets | - | (2,034) | 1,790 | (244) |
| Decrease in accounts payable | (42,652) | (5,848) | (4,717) | (53,217) |
| Increase (decrease) in accrued liabilities | - | 14,146 | (2,793) | 11,353 |
| Increase in compensated absences payable | - | 1,450 | 39,336 | 40,786 |
| Increase in net OPEB obligation | - | 93,437 | 160,943 | 254,380 |
| Increase (decrease) in deferred revenue | - | 4,575 | (3,076) | 1,499 |
| Decrease in due to other funds | - | (26,122) | (26,773) | (52,895) |
| Net cash provided by (used in) operating activities | \$ (22,135) | \$ 421,843 | \$ 481,048 | \$ 880,756 |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

| ASSETS | Pension Trust Fund | Agency Funds |
|---|-------------------------------|-------------------------|
| Cash | \$ 1,190,742 | \$ 2,782,803 |
| Mutual funds | 21,548,652 | - |
| Benefits receivable | 185,397 | - |
| Total assets | <u>22,924,791</u> | <u>2,782,803</u> |
| LIABILITIES | | |
| Due to others | 12,253 | 75,705 |
| Due to component unit | - | 2,707,098 |
| Total liabilities | <u>12,253</u> | <u>2,782,803</u> |
| NET ASSETS | | |
| Net assets held in trust for pension benefits | <u>\$ 22,912,538</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

**STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ADDITIONS

| | |
|--|------------------|
| Contributions | |
| Plan member contributions | \$ 826,543 |
| Employer contributions | <u>785,657</u> |
| Total contributions | <u>1,612,200</u> |
| Investment income | |
| Net appreciation in fair value of investmets | 1,825,571 |
| Interest and dividends | <u>415,780</u> |
| Total investment income | <u>2,241,351</u> |
| Total additions | <u>3,853,551</u> |

DEDUCTIONS

| | |
|--|------------------|
| Benefit payments | 1,300,178 |
| Refunds paid to Plan members and beneficiaries | 118,970 |
| Administrative fees | <u>111,648</u> |
| Total deductions | <u>1,530,796</u> |
| Net increase in net assets | 2,322,755 |

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

| | |
|-------------------|----------------------|
| Beginning of year | <u>20,589,783</u> |
| End of year | <u>\$ 22,912,538</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF DECATUR, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City operates under a commission/manager form of government and provides the following services to its citizens: public safety, public works, parks and recreation, public improvements, and general and administrative services. Additionally, the City owns and contracts for management of a parking deck and convention center for the benefit of the downtown Decatur area.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The City Schools of Decatur has been included as a discretely presented component unit in the accompanying financial statements. The City Schools of Decatur does not have the power to levy taxes, determine its own budget without the approval of the City of Decatur, Georgia, or issue bonded debt. Separate financial statements for the City Schools of Decatur can be obtained from their administrative offices at 758 Scott Boulevard, Decatur, Georgia 30030.

The Decatur Downtown Development Authority (the “DDA”) has been included as a discretely presented component unit in the accompanying financial statements. The City levies and collects its taxes and appoints its board. Financial information with regard to the DDA can be obtained from the DDA's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Downtown Development Authority are not prepared.

The Decatur Tourism Board (the “DTB”) has been included as a discretely presented component unit in the accompanying financial statements. The Board does not have the power to levy taxes or issue bonded debt. Financial information with regard to the DTB can be obtained from the DTB's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Decatur Tourism Board are not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **Capital Improvement Fund** accounts for the receipts and expenditures of money for major capital projects. This fund is general in nature and may be used to finance any capital project that the City Commission designates.

The **Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The City reports the following major proprietary funds:

The **Conference and Parking Deck Fund** accounts for the activity of the conference center and parking deck.

The **Stormwater Utility Fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

The **Solid Waste Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues, such as confiscations/forfeitures, E911 tax revenues, hotel/motel tax revenues and various grants and contributions, which are legally restricted to expenditures for particular purposes.

The **Pension Trust Fund** accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees and the City at rates determined by actuarial computations.

Agency funds are accounted for on the accrual basis of accounting, and are used to account for funds that the City holds for others in an agency capacity, including municipal court bonds and property taxes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

The costs of governmental fund type inventories (which are not significant to the City) are recorded as expenditures when purchased rather than when consumed (purchase method).

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to July 1, 2002 have been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Machinery and equipment | 3-20 |
| Vehicles | 5 |
| Land improvements | 15-20 |
| Infrastructure | 15-50 |
| Buildings and improvements | 30-50 |

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the effective interest method.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$48,442,666 difference are as follows:

| | |
|---|----------------------------|
| Capital leases payable | \$ (364,006) |
| Certificates of participation | (3,695,000) |
| Claims and judgements payable | (10,088) |
| Accrued interest payable | (820,237) |
| Net OPEB obligation | (4,845,430) |
| Notes payable | (4,977,606) |
| Bonds payable | (33,193,473) |
| Bond issuance costs | 438,136 |
| Compensated absences | <u>(974,962)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u>\$ (48,442,666)</u> |

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$271,497 difference are as follows:

| | |
|--|-----------------------|
| Capital outlay | \$ 3,627,256 |
| Depreciation expense | <u>(3,355,759)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 271,497</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net assets.” The details of this \$9,923,277 difference are as follows:

| | |
|--|---------------------|
| In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. | \$ (192,846) |
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | <u>10,116,123</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i> | <u>\$ 9,923,277</u> |

Another element of that reconciliation explains that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$183,903 difference are as follows:

| | |
|--|---------------------|
| Recognition of deferred taxes | \$ (224,903) |
| Accrued interest revenue | <u>41,000</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ (183,903)</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$4,327,264 difference are as follows:

| | |
|--|----------------|
| Amortization of premium and deferred charges | \$ (13,100) |
| Cost of issuance | 140,272 |
| Proceeds from issuance of notes | (5,900,000) |
| Proceeds from premium on notes | (100,731) |
| Principal retirement of long-term debt | 1,546,295 |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ (4,327,264) |

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$2,779,450 difference are as follows:

| | |
|--|----------------|
| Compensated absences | \$ (110,155) |
| Claims and judgments | 69,726 |
| Net other post-employment benefits (OPEB) obligation | (2,704,073) |
| Net pension asset | 6,974 |
| Accrued interest | (41,922) |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ (2,779,450) |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Decatur, Georgia employs the following procedures in establishing its annual budget:

1. In accordance with the Fiscal Control Ordinance of the City, the City Manager submits a proposed operating budget to the City Commissioners. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Commissioners, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Commission.
5. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commissioners. Budget amounts shown in these financial statements reflect amendments approved by the City Commissioners. Such amendments resulted in no supplemental appropriations.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2010:

| | | |
|-----------------------------------|----|-------------|
| Confiscated Drug Fund | \$ | (93) |
| Hotel/Motel Tax Fund | | (7,314) |
| Greenspace Fund | | (628) |
| Grant Fund | | (20,998) |
| Debt Service Fund | | (1,190,136) |
| Cemetary Capital Improvement Fund | | (6,972) |
| General Fund departments: | | |
| Motor maintenance | | (49,204) |
| Recreation | | (8,971) |

These over expenditures were funded by greater than anticipated revenues and by available fund balance. The over expenditures in the debt service fund were funded by other financing sources associated with the issuance of long-term debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2010, the City had \$21,548,652 invested on behalf of a defined benefit pension fund and \$481,563 invested for its governmental funds. The City has adopted a separate policy for pension fund assets in compliance with state law. The City's pension fund assets are invested in U.S. Government money market funds, stock mutual funds, and taxable bond funds based on asset allocation ranges and performance benchmarks.

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|-----------------------------------|--|----------------------|
| Guaranteed Investment Contract | June 1, 2028 | \$ 481,563 |
| Corporate Obligations | 13.64 years average effective duration | 1,447,786 |
| Mutual funds | (1) | 12,402,231 |
| Taxable bond mutual funds | 4.49 years average effective duration | 7,698,635 |
| Georgia Fund 1 - cash equivalents | 46 days | <u>8,241,389</u> |
| Total | | <u>\$ 30,271,604</u> |

(1) Mutual funds are not impacted by changes in interest rates.

Interest rate risk: The Pension program investment policy limits the duration of fixed income investments to a range of +/- one year of the Lehman Brothers Aggregate Index. The Lehman Brothers Aggregate Index at June 30, 2010 was 6.47 years. The City does not have a formal investment policy, outside of the policy for the pension investments, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2010, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's. As of June 30, 2010, the City's investment in Corporate Obligations ranged from BBB to AA by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

It is the City's policy to limit its pension investments to mutual funds, separate accounts, or collective unit trusts that invest in any combination of the following permitted categories:

- Cash and cash equivalents, including money market funds and stable value funds;
- Fixed income (bonds of U.S. corporate and government issuers, asset-backed securities, commercial paper or similar fixed income contracts);
- Domestic Equities (Stocks).

The taxable bond mutual funds are unrated; however, the underlying investments in the taxable bond mutual funds had ratings ranging from AAA to C.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia. As of June 30, 2010, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2010, the City did not have any cash accounts which were not secured, insured or collateralized in accordance with State law.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax levy is divided into two billings. The first billing is mailed April 1, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the actual due dates are June 1 and December 20. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Enterprise fund solid waste fees and stormwater fees are billed annually on April 1 for the calendar year and are due June 1.

Receivables at June 30, 2010, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

| | <u>General</u> | <u>Capital Improvement</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> |
|-------------------------------------|--|--------------------------------|-------------------------|---|
| Receivables: | | | | |
| Taxes | \$ 637,414 | \$ 60,562 | \$ 109,568 | \$ 26,643 |
| Other | 301,639 | 113,255 | - | 59,303 |
| Less allowance for uncollectible | (61,238) | (6,162) | (8,700) | - |
| Net total receivable | <u>\$ 877,815</u> | <u>\$ 167,655</u> | <u>\$ 100,868</u> | <u>\$ 85,946</u> |
| | | | | |
| | <u>Conference & Parking Deck</u> | <u>Stormwater Utility</u> | <u>Solid Waste</u> | |
| Receivables: | | | | |
| Accounts | \$ 6,000 | \$ 100,293 | \$ 331,124 | |
| Less allowance for uncollectible | - | (33,204) | (211,688) | |
| Net total receivable | <u>\$ 6,000</u> | <u>\$ 67,089</u> | <u>\$ 119,436</u> | |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2010, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|---------------------|---------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, | | | | | |
| not being depreciated: | | | | | |
| Land | \$ 2,758,516 | \$ - | \$ (23,840) | \$ - | \$ 2,734,676 |
| Construction in progress | 28,112,708 | 13,022,232 | - | (30,717,129) | 10,417,811 |
| Total | <u>30,871,224</u> | <u>13,022,232</u> | <u>(23,840)</u> | <u>(30,717,129)</u> | <u>13,152,487</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 985,347 | - | - | 10,975 | 996,322 |
| Infrastructure | 20,939,136 | - | (72,711) | - | 20,866,425 |
| Buildings and improvements | 53,734,890 | 4,181 | (392,166) | 30,706,154 | 84,053,059 |
| Machinery and equipment | 3,708,167 | 178,131 | - | - | 3,886,298 |
| Vehicles | 3,776,458 | 538,835 | (19,333) | - | 4,295,960 |
| Total | <u>83,143,998</u> | <u>721,147</u> | <u>(484,210)</u> | <u>30,717,129</u> | <u>114,098,064</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (725,022) | (15,758) | - | - | (740,780) |
| Infrastructure | (13,504,947) | (468,640) | 55,225 | - | (13,918,362) |
| Buildings and improvements | (18,225,224) | (2,342,776) | 240,646 | - | (20,327,354) |
| Machinery and equipment | (2,861,149) | (150,508) | - | - | (3,011,657) |
| Vehicles | (3,055,143) | (378,077) | 19,333 | - | (3,413,887) |
| Total | <u>(38,371,485)</u> | <u>(3,355,759)</u> | <u>315,204</u> | <u>-</u> | <u>(41,412,040)</u> |
| Total capital assets, being depreciated, net | <u>44,772,513</u> | <u>(2,634,612)</u> | <u>(169,006)</u> | <u>30,717,129</u> | <u>72,686,024</u> |
| Governmental activities capital assets, net | <u>\$ 75,643,737</u> | <u>\$ 10,387,620</u> | <u>\$ (192,846)</u> | <u>\$ -</u> | <u>\$ 85,838,511</u> |

Included in buildings and improvements and construction in progress for governmental activities are school facilities used by the City Schools of Decatur but owned by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 53,303 | \$ - | \$ - | \$ 53,303 |
| Land | 280,065 | - | - | 280,065 |
| Total | <u>333,368</u> | <u>-</u> | <u>-</u> | <u>333,368</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 3,749,424 | - | - | 3,749,424 |
| Buildings | 8,469,375 | - | - | 8,469,375 |
| Furniture, fixtures, and equipment | 2,159,059 | 207,151 | - | 2,366,210 |
| Total | <u>14,377,858</u> | <u>207,151</u> | <u>-</u> | <u>14,585,009</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (2,088,477) | (80,699) | - | (2,169,176) |
| Buildings | (5,849,268) | (268,031) | - | (6,117,299) |
| Furniture, fixtures, and equipment | (1,648,934) | (162,703) | - | (1,811,637) |
| Total | <u>(9,586,679)</u> | <u>(511,433)</u> | <u>-</u> | <u>(10,098,112)</u> |
| Total capital assets, being depreciated, net | <u>4,791,179</u> | <u>(304,282)</u> | <u>-</u> | <u>4,486,897</u> |
| Business-type activities capital assets, net | <u>\$ 5,124,547</u> | <u>\$ (304,282)</u> | <u>\$ -</u> | <u>\$ 4,820,265</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 117,889 |
| Education | 2,071,343 |
| Public safety | 483,271 |
| Public works | 562,644 |
| Recreation | 120,612 |
| Total depreciation expense - governmental activities | <u>\$ 3,355,759</u> |
| Business-type activities: | |
| Conference and Parking Deck | \$ 268,493 |
| Stormwater | 89,608 |
| Sanitation | 153,332 |
| Total depreciation expense - business-type activities | <u>\$ 511,433</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

City Schools of Decatur

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ - | \$ 240,113 | \$ - | \$ 240,113 |
| Construction in progress | - | 381,470 | - | 381,470 |
| Total | <u>-</u> | <u>621,583</u> | <u>-</u> | <u>621,583</u> |
| Capital assets, being depreciated: | | | | |
| Leasehold improvements | 3,615,047 | - | - | 3,615,047 |
| Equipment | 2,220,028 | 301,213 | - | 2,521,241 |
| Buildings and building improvements | - | 169,005 | - | 169,005 |
| Total | <u>5,835,075</u> | <u>470,218</u> | <u>-</u> | <u>6,305,293</u> |
| Less accumulated depreciation for: | | | | |
| Leasehold improvements | (923,845) | (241,003) | - | (1,164,848) |
| Equipment | (1,053,327) | (305,806) | - | (1,359,133) |
| Buildings and building improvements | - | (3,380) | - | (3,380) |
| Total | <u>(1,977,172)</u> | <u>(550,189)</u> | <u>-</u> | <u>(2,527,361)</u> |
| Total capital assets, being depreciated, net | <u>3,857,903</u> | <u>(79,971)</u> | <u>-</u> | <u>3,777,932</u> |
| Governmental activities capital assets, net | <u>\$ 3,857,903</u> | <u>\$ 541,612</u> | <u>\$ -</u> | <u>\$ 4,399,515</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2010, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 33,245,000 | \$ - | \$ (275,000) | \$ 32,970,000 | \$ 355,000 |
| Plus issuance premium | 231,906 | - | (8,433) | 223,473 | |
| Total bonds payable | 33,476,906 | - | (283,433) | 33,193,473 | |
| Capital leases | 530,301 | - | (166,295) | 364,006 | 132,848 |
| Notes payable | - | 5,900,000 | (1,000,000) | 4,900,000 | 1,600,000 |
| Plus issuance premium | - | 100,731 | (23,125) | 77,606 | |
| Total notes payable | - | 6,000,731 | (1,023,125) | 4,977,606 | |
| Certificates of participation | 3,800,000 | - | (105,000) | 3,695,000 | 110,000 |
| Less FMV of Derivative | - | (250,989) | - | (250,989) | |
| Total certificates of participation | 3,800,000 | (250,989) | (105,000) | 3,444,011 | |
| Claims and judgments | 79,814 | 258,533 | (328,259) | 10,088 | 10,088 |
| Net OPEB obligation | 2,141,357 | 3,336,127 | (632,054) | 4,845,430 | - |
| Compensated absences | 864,807 | 696,422 | (586,267) | 974,962 | 613,974 |
| Governmental activity Long-term liabilities | <u>\$ 40,893,185</u> | <u>\$ 10,040,824</u> | <u>\$ (3,124,433)</u> | <u>\$ 47,809,576</u> | <u>\$ 2,821,910</u> |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Business-type activities: | | | | | |
| Capital lease | \$ 97,967 | \$ - | \$ (31,511) | \$ 66,456 | \$ 32,642 |
| Net OPEB obligation | 204,066 | 315,645 | (61,265) | 458,446 | - |
| Compensated absences | 80,636 | 68,709 | (58,227) | 91,118 | 62,684 |
| Business-type activity Long-term liabilities | <u>\$ 382,669</u> | <u>\$ 384,354</u> | <u>\$ (151,003)</u> | <u>\$ 616,020</u> | <u>\$ 95,326</u> |

For governmental funds, compensated absences, OPEB obligations, and claims and judgments are liquidated by the General Fund. For business-type activities, compensated absences and OPEB obligations are liquidated by the Stormwater Utility Fund and the Solid Waste Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Capital Leases - Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment), machinery, and improvements used in general governmental activities and business-type activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. Lease payments are due in annual installments. As of June 30, 2010, the City had \$830,595 and \$162,458 for governmental activities and business-type activities, respectively, of machinery and equipment under capital leases.

The City's total capital lease debt service requirements to maturity are as follows:

| | Governmental Activities | Business-type Activities |
|--|------------------------------------|-------------------------------------|
| Fiscal Year Ending June 30, | | |
| 2011 | \$ 148,453 | \$ 35,028 |
| 2012 | 148,453 | 35,028 |
| 2013 | 96,737 | - |
| Total minimum lease payments | 393,643 | 70,056 |
| Less amount representing interest | 29,637 | 3,600 |
| Present value of future minimum lease payments | \$ 364,006 | \$ 66,456 |

Notes Payable. In July 2009, the City issued \$5,900,000 in general obligation sales tax notes, with a premium of \$100,731 and principal and interest payments beginning January 1, 2010 through January 1, 2013 at an interest rate of 2.00%. The notes will be paid back by the City of Decatur Board of Education (BOE) with special purpose local option sales tax (SPLOST) revenues and thus the City has a note receivable from the BOE equal to the outstanding note. The proceeds from the notes will be used for the cost of acquiring, constructing, and equipping certain capital projects for the City of Decatur Board of Education, as well as the issuance costs. General obligation sales tax notes currently outstanding are as follows:

| | Principal | Interest | Total |
|-----------------------------|------------------|-----------------|--------------|
| Fiscal Year Ending June 30, | | | |
| 2011 | \$ 1,600,000 | \$ 98,000 | \$ 1,698,000 |
| 2012 | 1,600,000 | 66,000 | 1,666,000 |
| 2013 | 1,700,000 | 34,000 | 1,734,000 |
| Total | \$ 4,900,000 | \$ 198,000 | \$ 5,098,000 |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation. In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City's participation totaling \$1,320,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semiannual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2010, the floating rate being paid by the City is 0.56% and the market value of this agreement is \$250,989, an increase of \$90,068 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2010 based on the derivative contract. This market value is reported as a component of the certificates of participation in long-term debt in the statement of net assets. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net assets.

In July 2005, the City issued certificates of participation, Series 2005, in the principal amount of \$2,810,000 with principal and interest payments beginning January 1, 2006 through January 1, 2026 at an interest rate of 3.91%. Proceeds were used to acquire, construct, install and equip certain renovations and additions to its City Hall.

The City's total certificates of participation debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|---------------------|
| Fiscal Year Ending June 30, | | | |
| 2011 | \$ 110,000 | \$ 155,563 | \$ 265,563 |
| 2012 | 115,000 | 151,262 | 266,262 |
| 2013 | 120,000 | 146,765 | 266,765 |
| 2014 | 125,000 | 142,073 | 267,073 |
| 2015 | 130,000 | 137,186 | 267,186 |
| 2016-2020 | 715,000 | 607,141 | 1,322,141 |
| 2021-2025 | 865,000 | 455,629 | 1,320,629 |
| 2026-2028 | 1,515,000 | 195,725 | 1,710,725 |
| Total | <u>\$ 3,695,000</u> | <u>\$ 1,991,344</u> | <u>\$ 5,686,344</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

General Obligation Bonds. In January 2007 the City issued \$33,245,000 of Various Purpose Series 2007 General Obligation Bonds, with a premium of \$252,988. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping and renovating certain transportation projects, parks and recreation projects, public safety projects, public works projects and projects for the City Schools of Decatur as well as the issuance costs.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued as 30-year serial bonds with interest rates ranging from 3.75% to 5.00%. General obligation bonds currently outstanding are as follows:

| Fiscal Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| 2011 | \$ 355,000 | \$ 1,431,456 | \$ 1,786,456 |
| 2012 | 440,000 | 1,418,144 | 1,858,144 |
| 2013 | 475,000 | 1,400,544 | 1,875,544 |
| 2014 | 520,000 | 1,381,544 | 1,901,544 |
| 2015 | 565,000 | 1,360,744 | 1,925,744 |
| 2016-2020 | 3,575,000 | 6,426,319 | 10,001,319 |
| 2021-2025 | 5,140,000 | 5,591,550 | 10,731,550 |
| 2026-2030 | 7,185,000 | 4,305,956 | 11,490,956 |
| 2031-2035 | 9,860,000 | 2,352,038 | 12,212,038 |
| 2036-2037 | 4,855,000 | 312,586 | 5,167,586 |
| Total | <u>\$ 32,970,000</u> | <u>\$ 25,980,881</u> | <u>\$ 58,950,881</u> |

City Schools of Decatur

Long-term liability activity for the year ended June 30, 2010, is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------------|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Certificates of participation | \$ - | \$ 10,295,000 | \$ - | \$ 10,295,000 | \$ - |
| Note payable to primary government | - | 5,900,000 | (1,000,000) | 4,900,000 | 1,600,000 |
| Capital leases | 3,323,959 | - | (391,196) | 2,932,763 | 125,761 |
| Compensated absences | 98,517 | 65,559 | (63,504) | 100,572 | 56,080 |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 3,422,476</u> | <u>\$ 16,260,559</u> | <u>\$ (1,454,700)</u> | <u>\$ 18,228,335</u> | <u>\$ 1,781,841</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of participation. In January 2010, the City Schools of Decatur entered into a lease agreement with the Georgia School Boards Association, Inc. (the "Association"). The funding of the lease was provided by the issuance of \$10,295,000 Taxable Certificates of Participation, Build America Bonds, Direct Payment, Series 2010 by the Association. The lease agreement with the Association provides that the City Schools of Decatur owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of \$275,000 to \$625,000 beginning in May 2013 to May 2037. Interest is payable at rates of 2.70% to 5.55%.

| Fiscal Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| 2011 | \$ - | \$ 576,938 | \$ 576,938 |
| 2012 | - | 576,938 | 576,938 |
| 2013 | 275,000 | 576,938 | 851,938 |
| 2014 | 280,000 | 569,513 | 849,513 |
| 2015 | 285,000 | 560,273 | 845,273 |
| 2016-2020 | 1,555,000 | 2,614,648 | 4,169,648 |
| 2021-2025 | 1,820,000 | 2,200,793 | 4,020,793 |
| 2026-2030 | 2,190,000 | 1,640,168 | 3,830,168 |
| 2031-2035 | 2,665,000 | 903,105 | 3,568,105 |
| 2036-2037 | 1,225,000 | 116,550 | 1,341,550 |
| Total | <u>\$ 10,295,000</u> | <u>\$ 10,335,864</u> | <u>\$ 20,630,864</u> |

Note payable to primary government. In July 2009, the City of Decatur, primary government, issued \$5,900,000 in general obligation sales tax notes, with a premium of \$100,731 and principal and interest payments beginning January 1, 2010 through January 1, 2013 at an interest rate of 2.00%. The City Schools of Decatur will fund the notes with special purpose local option sales tax (SPLOST) revenues and thus the City Schools of Decatur has an intergovernmental payable to the City equal to the outstanding note. The proceeds from the note will be used for the cost of acquiring, constructing, and equipping certain capital projects for the District, as well as the issuance cost.

The note payable to the primary government currently outstanding is as follows:

| Fiscal Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2011 | \$ 1,600,000 | \$ 98,000 | \$ 1,698,000 |
| 2012 | 1,600,000 | 66,000 | 1,666,000 |
| 2013 | 1,700,000 | 34,000 | 1,734,000 |
| Total | <u>\$ 4,900,000</u> | <u>\$ 198,000</u> | <u>\$ 5,098,000</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Capital lease. The City Schools of Decatur has entered into an agreement for the purpose of renovating a school facility. Under the terms of the agreement, the City Schools of Decatur will assure that the payments of principal and interest on the capital lease are made in a timely manner through September 1, 2025. The total quarterly payment is \$62,897. Future required minimum payments on this capital lease is as follows at June 30, 2010:

| | | | |
|---|--|----|-----------|
| Fiscal Year Ending June 30, | | | |
| 2011 | | \$ | 226,874 |
| 2012 | | | 251,590 |
| 2013 | | | 251,590 |
| 2014 | | | 251,590 |
| 2015 | | | 251,590 |
| 2016-2020 | | | 1,257,950 |
| 2021-2025 | | | 1,257,950 |
| 2026 | | | 41,933 |
| | | | 3,791,067 |
| Less amount representing interest | | | (858,304) |
| Net present value of capitalized lease obligation | | \$ | 2,932,763 |

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due to / from other funds:

| Receivable Fund | Payable Fund | Amount |
|---------------------------------------|-----------------------------|--------------|
| General Fund | Nonmajor governmental funds | \$ 176,015 |
| General Fund | Solid Waste Fund | 79,710 |
| General Fund | Stormwater Utility Fund | 47,969 |
| General Fund | Capital Projects Fund | 82,386 |
| General Fund | Debt Service Fund | 715,728 |
| Capital Improvements Fund | Nonmajor governmental funds | 74,947 |
| Capital Improvements Fund | Solid Waste Fund | 146,305 |
| Capital Improvements Fund | Stormwater Utility Fund | 18,982 |
| Capital Improvements Fund | General Fund | 205 |
| Conference Center & Parking Deck Fund | Nonmajor governmental funds | 7,614 |
| Debt Service Fund | General Fund | 281 |
| Stormwater Fund | General Fund | 300 |
| Solid Waste Fund | General Fund | 940 |
| | | \$ 1,351,382 |

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Due to/from primary government and component units:

| <u>Receivable Entity</u> | <u>Payable Entity</u> | <u>Amount</u> |
|--|--|---------------------|
| Component unit - Decatur Tourism Board | Primary government - Nonmajor Governmental funds | \$ 7,558 |
| Component unit - Downtown Development Authority | Primary government - Downtown Development Authority Fund (Agency) | 51,085 |
| Component unit - Downtown Development Authority | Primary government - General Fund | 74 |
| Component unit - City Schools of Decatur | Primary government - General Fund | 3,683 |
| Component unit - City Schools of Decatur | Primary government - Board of Education Fund (Agency) | 2,656,013 |
| Primary government - Debt Service Fund | Component unit - City Schools of Decatur | 4,900,000 |
| Primary government - Government-wide net assets | Component unit - City Schools of Decatur | 41,000 |
| | | <u>\$ 7,659,413</u> |

Interfund transfers:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|--------------------------------|-----------------------------|-------------------|
| Nonmajor governmental funds | General Fund | <u>\$ 660,000</u> |
| General Fund | Solid Waste Fund | \$ 193,640 |
| General Fund | Capital Improvement Fund | 147,023 |
| General Fund | Nonmajor governmental funds | 130,880 |
| General Fund | Stormwater Utility Fund | 265,170 |
| | | <u>\$ 736,713</u> |
| Nonmajor governmental funds | Nonmajor governmental funds | <u>\$ 50,000</u> |
| Conference & Parking Deck Fund | Nonmajor governmental funds | <u>\$ 87,314</u> |

Transfers are used to (1) reimburse the General Fund, (2) move cash for grant matches from the General Fund to grant funds, (3) move cash to the E911 Fund to cover operations not funded by E911 taxes, (4) move Hotel/Motel taxes between funds for expending in accordance with State law, and (5) transfer the activity of the After School Program between nonmajor governmental funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Advances to/from other funds are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|-----------------------------|---------------|
| Capital Improvement Fund | Solid Waste Fund | \$ 323,137 |
| Capital Improvement Fund | Stormwater Fund | 32,985 |
| Capital Improvement Fund | Nonmajor governmental funds | 37,473 |
| | | \$ 393,595 |

The amounts payable from the Solid Waste Fund, Stormwater Fund and the Nonmajor governmental funds relate to equipment purchased through the Capital Improvement Fund and transferred to these funds.

NOTE 9. PENSION PLANS

Primary Government

Plan Description

All of the City's full-time regular employees are covered by the City's single-employer defined benefit pension plan (the "Plan") which is administered by the Decatur Employees' Retirement System. The Plan was established in 1947 by the Decatur City Commission. The Board of Trustees of the Plan has the authority to establish and amend the Plan. The Plan is contributory in nature with contributions coming from both the City and its covered employees. All eligible employees become participants in the Plan upon employment, while elected officials are not covered. Employees become fully vested after 10 years of service. The Plan does not issue a separate financial statement.

As of July 1, 2010 the most recent actuarial valuation date, the plan membership included the following categories of participants:

| | |
|---|-----|
| Retirees and beneficiaries receiving benefits | 72 |
| Terminated vested participants not yet receiving benefits | 6 |
| Active participants | 191 |
| | 269 |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

Employee Contributions

Plan members are required to contribute to the Plan in the following manner:

| | |
|------------------------|---|
| Public Safety Employee | 11% of compensation |
| General Employee | 4% of compensation up to \$2,000 plus 8% of compensation in excess of \$2,000 |

Plan members who were active employees on July 1, 1997, and elected not to have the Unreduced Early Retirement Option are required to contribute to the Plan in the following manner:

| | |
|------------------------|---|
| Public Safety Employee | 9% of compensation |
| General Employee | 2% of compensation up to \$2,000 plus 6% of compensation in excess of \$2,000 |

Employee contributions are made on a pre-tax basis as permitted under Section 414(h) of the Internal Revenue Code. Public Safety employees consist of firefighters and police officers.

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia.

Benefits

Benefits are calculated as a percentage of the average basic earnings in the 60 consecutive months in which the employee received the highest compensation multiplied by the number of years of service, as described in the Plan document. The minimum benefit is \$3,000 per year, upon retirement.

Summary of Significant Accounting Policies

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions from the City and employees are recognized as revenue in the period in which the contributions are due. Investment earnings are recognized by the Plan when earned. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from the earnings of the fund.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. Investments which represent more than 5% of Plan Net Assets at June 30, 2010, were as follows: SunTrust Equity Investments Mutual Fund of \$21,548,652. The method for determining the actuarial valuation of assets is the 20% write up method.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the Board of Trustees. Normal cost is funded on a current basis. There is no unfunded actuarial accrued liability. Periodic contributions for normal costs are based on the level percentage of payroll method. Current contributions are sufficient to fund the normal costs as required by state law.

The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the entry age method. The actuarial assumptions included:

- 7.5% rate of return on investments.
- Projected salary increases of 1% - 5% per year, depending on age (3% for inflation and 1% for other causes).
- The post-retirement benefit limits increase 5% per year.
- Minimum monthly benefit of \$250.

The following is a schedule of funding progress, using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2010, the funded status of the Plan was as follows:

| Fiscal Year End | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|-----------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 6/30/2010 | \$ 26,209,110 | \$ 34,154,214 | \$ 7,945,104 | 76.7% | \$ 9,999,934 | 79.5% |

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2010, is as follows:

| | |
|---|----------------------------|
| Annual required contribution | \$ 781,383 |
| Interest on net pension obligation (asset) | (49,988) |
| Adjustments to annual required contribution | 87,930 |
| Annual pension cost | <u>819,325</u> |
| Contributions made | <u>826,543</u> |
| Increase in net pension obligation | (7,218) |
| Net pension obligation (asset), beginning of year | <u>(666,513)</u> |
| Net pension obligation (asset), end of year | <u><u>\$ (673,731)</u></u> |

The City's net pension asset is reported as other non-current assets on the statement of net assets.

For the year ended June 30, 2010, the City's contribution was 8.27% of covered payroll.

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution for fiscal year 2010 was determined as part of the July 1, 2009 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Trend Information

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost</u> | <u>Percentage Contributed</u> | <u>Net Pension Obligation (Asset)</u> |
|-------------------------------|--------------------------------|-----------------------------------|---|
| June 30, 2010 | \$ 819,325 | 101% | \$ (673,731) |
| June 30, 2009 | 783,352 | 98% | (666,513) |
| June 30, 2008 | 779,541 | 96% | (685,892) |

Schedule of Employer Contributions

| <u>Fiscal Year Ending</u> | <u>Annual Required Contribution (ARC)</u> | <u>Employer Contribution</u> | <u>Percentage of ARC Contributed</u> |
|-------------------------------|---|----------------------------------|--|
| June 30, 2010 | \$ 781,383 | \$ 826,543 | 106% |
| June 30, 2009 | 733,779 | 763,973 | 104% |
| June 30, 2008 | 729,462 | 749,274 | 103% |
| June 30, 2007 | 770,443 | 783,658 | 102% |
| June 30, 2006 | 790,460 | 790,460 | 100% |
| June 30, 2005 | 436,262 | 442,921 | 102% |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

City Schools of Decatur

Teachers Retirement System Substantially all teachers, administrators, and clerical personnel employed by the District are members of the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple employer public employee retirement system administered by the TRS Board of Trustees. TRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Title 47, Chapter 3 of the Official Code of Georgia Annotated, assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The TRS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to TRS of Georgia, Two Northside 75, Suite 400, Atlanta GA 30331, or by calling 1-800-352-0650.

Covered employees are required by state law to contribute 5.25% of their annual covered salary to the plan and the District is required to contribute 9.74% of current covered payroll. Covered employees' contributions for the years ended June 30, 2010, 2009, and 2008, were \$1,068,939, \$1,013,913, and \$938,709, respectively. The District's contributions to TRS for the years ended June 30, 2010, 2009, and 2008, were \$1,983,821, \$1,866,733, and \$1,710,630, respectively, equal to the required contribution for each year.

Active members may retire and receive benefits after 30 years of creditable service regardless of age, or after 10 years of creditable service and reaching age 60. Upon retirement, an employee receives a retirement benefit, payable monthly for life. The amount is determined by multiplying 2% by the years of service up to 40 years. This amount in turn is multiplied by the employee's average monthly salary for the two highest paid consecutive years of service. Early retirement benefits are reduced by the lesser of 1/12 of 7% for each month the member is below age 60, or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the CPI, will be made in future years. Retirement benefits are payable monthly for life. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary at the member's death.

Public School Employees Retirement System Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the District are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS. That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

City Schools of Decatur (Continued)

Public School Employees Retirement System (Continued)

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of services and retirees between the ages of 60 and 65 received a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute \$4 dollars per month for the nine-month school year. Unlike TRS, the District makes no contribution to PSERS. Total contributions from employees of the District made during the fiscal years ended June 30, 2010, 2009, and 2008 totaled \$2,080, \$2,116, and \$1,850, respectively.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The state's contribution for employees for the fiscal years ended June 30, 2010, 2009, and 2008 for District employees were \$7,855, \$10,668, and \$2,408, respectively.

Members become fully vested after ten (10) years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest.

There were 61 employees covered under PSERS for the year ended June 30, 2010.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Primary Government

Plan Description

The City of Decatur Other Post-Retirement Benefits Plan (the "OPEB Plan") is a single-employer defined benefit post-retirement health care, dental and vision plan, or other post employment benefit (OPEB) plan. The City has not elected to advance fund the plan, but rather maintains the plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The OPEB Plan does not issue a separate report.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits

Eligible retirees and former employees are offered the same health, prescription drug, vision and dental coverage as active employees. The City pays 100% of the premiums for eligible employees.

Eligibility

Eligible participants for Other Post-Employment Benefits include:

1. The City requires all employees to enroll in the OPEB plan.
2. Surviving spouses/beneficiaries enrolled in the Plan prior.
3. Certain disabled former employees.

Plan Membership

As of July 1, 2008, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

| | |
|---|-----|
| Retirees and beneficiaries receiving benefits | 72 |
| Fully eligible actives | 23 |
| Active participants | 166 |
| | 261 |

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia.

The annual required contribution for the current year was determined as part of the July 1, 2008, actuarial valuation. The actuarial assumptions included:

| | |
|---------------------------------------|---------------------------------------|
| Cost Method | Individual Entry Age Normal Actuarial |
| Actuarial Asset Valuation Method | Not applicable |
| Assumed Rate of Return on Investments | 3.5% (Includes inflation of 3.0%) |
| Healthcare Cost Trend Rate | 7.0% (Includes inflation of 3.0%) |
| Ultimate Healthcare Cost Trend Rate | 5.0% |
| Year of Ultimate Trend Rate | 2029 |
| Amortization Method | 2.5% Payroll Growth (open) |
| Remaining Amortization Period | 30 years |

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

The following is a schedule of funding progress using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2008, the funded status of the Plan was as follows:

| Fiscal Year End | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|-----------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 6/30/2010 | - | \$ 52,231,040 | \$ 52,231,040 | 0.0% | \$ 9,999,934 | 522.3% |

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2008. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future.

Annual OPEB Cost

The City's actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2010, is as follows:

| | |
|---|----------------------------|
| Annual required contribution | \$ 3,659,364 |
| Interest on net OPEB obligation | 82,090 |
| Adjustments to annual required contribution | (89,683) |
| Annual OPEB cost | <u>3,651,771</u> |
| Contributions made | 693,318 |
| Increase in net OPEB obligation | <u>2,958,453</u> |
| Net OPEB obligation, beginning of year | 2,345,423 |
| Net OPEB obligation, end of year | <u><u>\$ 5,303,876</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost

For the year ended June 30, 2010, the City's contribution was 6.93 % of covered payroll.

The recommended contribution was determined as part of the July 1, 2008 actuarial valuation. The chart below shows the annual OPEB cost for the current year, along with the percentage actually contributed by the City.

Schedule of Employer Costs and Contributions

| <u>Fiscal Year Ending</u> | <u>Annual OPEB Cost</u> | <u>Employer Contribution</u> | <u>Percentage of ARC Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------------------|-----------------------------|----------------------------------|--|--------------------------------|
| June 30, 2010 | \$ 3,651,771 | \$ 693,318 | 19% | \$ 5,303,876 |
| June 30, 2009 | 3,372,964 | 1,027,541 | 30% | 2,345,423 |

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Decatur's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Commission. At June 30, 2010, there were 65 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved discretionary employer contributions for six employees. Total employer and employee contributions for the year ended June 30, 2010, was \$56,387 and \$125,819, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN (Continued)

The Decatur Downtown Development Authority's Internal Revenue Code Section 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the Assistant City Manager. At June 30, 2010, there were 2 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2010, was \$5,188.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2010, the City's Solid Waste Fund had deficit net assets of \$270,906. The fund deficit in the Solid Waste Fund will be reduced through increased user charges, reduced collection fees and General Fund appropriations, as needed.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 14. RELATED ORGANIZATIONS

The City's mayor is responsible for appointing all board members of the Decatur Housing Authority. However, the City has no further accountability for the authority.

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RISK MANAGEMENT (Continued)

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverage in the last three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

Workers' Compensation Insurance

The City is partially self-insured for workers' compensation claims. The City pays annual aggregate claims up to \$1,000,000 over a two-year period. After the claims reach this amount, a private insurance carrier pays the remaining claims. In addition to the biennial aggregate limit, individual limits for City payments are \$300,000 per claim. After the individual limits are met, the private insurance carrier covers the claims. The City has entered into a contract with a third party to administer the program. This activity is recorded in the General Fund. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

| <u>Fiscal Year</u> | <u>Beginning of Year Claims Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Paid</u> | <u>End of Year Claims Liability</u> |
|--------------------|---|---|--------------------|-------------------------------------|
| 2010 | \$ 16,116 | \$ 127,592 | \$ 74,757 | \$ 68,951 |
| 2009 | \$ 75,503 | \$ 10,978 | \$ 70,365 | \$ 16,116 |

NOTES TO FINANCIAL STATEMENTS

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Commitments:

For the fiscal year ended June 30, 2010, contractual commitments on uncompleted contracts were \$283,334.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

City Schools of Decatur:

The District has a contingent liability related to various special education services for three students of the District. At present, the District is required to pay approximately \$489,883 over the next three years for special service needs, which will be provided by an outside professional. The District is continuing settlement negotiations. The future commitments are as follows:

| Year Ending June 30, | |
|-----------------------|-------------------|
| 2011 | \$ 239,367 |
| 2012 | 239,367 |
| 2013 | 11,149 |
| Total future payments | <u>\$ 489,883</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 17. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. Revenues were \$305,598 for the year ended June 30, 2010. Of this amount 99% was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

NOTE 18. SUBSEQUENT EVENTS

The City Commission has approved the issuance of \$12,760,000 through the newly created Urban Redevelopment Agency of Decatur, Georgia for the financing of the acquisition, construction, renovation and equipping of Fire Station #1, a public works facility, and a recreation center. Interest rates range from 2.520% to 5.240%. The City will make semi-annual payments on July 1 and January 1, beginning July 1, 2011. The bonds mature July 1, 2038.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2010**

| Fiscal Year End | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|-----------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 6/30/2010 | \$ 26,209,110 | \$ 34,154,214 | \$ 7,945,104 | 76.7% | \$ 9,999,934 | 79.5% |
| 6/30/2009 | 24,993,639 | 31,834,462 | 6,840,823 | 78.5% | 10,518,679 | 65.1% |
| 6/30/2008 | 23,974,434 | 28,554,857 | 4,580,423 | 84.0% | 9,424,366 | 48.6% |
| 6/30/2007 | 22,454,254 | 26,137,175 | 3,682,921 | 85.9% | 8,305,214 | 44.3% |
| 6/30/2006 | 20,626,000 | 24,449,540 | 3,823,540 | 84.4% | 7,909,378 | 48.3% |
| 6/30/2005 | 19,124,046 | 23,110,843 | 3,986,797 | 82.7% | 7,499,611 | 53.2% |

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POST EMPLOYEMENT BENEFITS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2010

| Fiscal Year End | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|-----------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 6/30/2010 | - | \$ 52,231,040 | \$ 52,231,040 | 0.0% | \$ 9,999,934 | 522.3% |
| 6/30/2008 | - | 47,747,107 | 47,747,107 | 0.0% | 10,518,679 | 453.9% |

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF DECATUR, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

Emergency Telephone System Fund – To account for emergency services which are provided to all City taxpayers. Financing is provided through user fees and charges.

Confiscated Drug Fund – To account for the use of confiscated drug money by the City's Police Department.

Children and Youth Services Fund – To account for charges for the City's after school program and the expenditures incurred in operating the program.

Grant Fund – To account for grants received and the expenditures related to the grants.

Economic Development Fund – To account for monies received from various grantor donors.

Greenspace Fund – To account for amounts received and expended for greenspace acquisitions.

Hotel/Motel Tax Fund – To account for the 7% lodging tax levied in the City.

Cemetery Capital Improvement Fund – To account for the financing and expenditure activity of a capital nature occurring within the cemetery. Financing is provided by one-half of the proceeds from cemetery lot sales. This fund is intended to provide for the capital needs of the cemetery into perpetuity.

CITY OF DECATUR, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

| ASSETS | Special Revenue Funds | | | |
|--------------------------------------|--|--------------------------------------|---|-----------------------|
| | Emergency Telephone System Fund | Confiscated Drug Fund | Children and Youth Services Fund | Grant Fund |
| Cash and cash equivalents | \$ 515,709 | \$ 33,716 | \$ 1,088,778 | \$ 64,193 |
| Taxes receivable | - | - | - | - |
| Other receivables | 53,523 | - | 5,780 | - |
| Prepays | - | - | 5,856 | - |
| Total assets | \$ 569,232 | \$ 33,716 | \$ 1,100,414 | \$ 64,193 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 6,870 | \$ - | \$ 36,788 | \$ - |
| Accrued payables | - | - | 727 | - |
| Due to other funds | 117,957 | - | 121,125 | - |
| Due to component unit | - | - | - | - |
| Advances from other funds | 37,473 | - | - | - |
| Total liabilities | 162,300 | - | 158,640 | - |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Program expenditures | - | - | - | 64,193 |
| Tree preservation | - | - | - | - |
| Prepays | - | - | 5,856 | - |
| Unreserved | 406,932 | 33,716 | 935,918 | - |
| Total liabilities and fund balances | \$ 569,232 | \$ 33,716 | \$ 1,100,414 | \$ 64,193 |

| | | | Capital Projects Fund | |
|---------------------------------|--------------------|----------------------------|--|--|
| Economic Development Fund | Greenspace Fund | Hotel/Motel Tax Fund | Cemetery Capital Improvement Fund | Total Nonmajor Governmental Funds |
| \$ 109,182 | \$ 11,936 | \$ 81,663 | \$ 326,793 | \$ 2,231,970 |
| - | - | 26,643 | - | 26,643 |
| - | - | - | - | 59,303 |
| - | - | - | - | 5,856 |
| <u>\$ 109,182</u> | <u>\$ 11,936</u> | <u>\$ 108,306</u> | <u>\$ 326,793</u> | <u>\$ 2,323,772</u> |
| | | | | |
| \$ - | \$ - | \$ - | \$ 6,240 | \$ 49,898 |
| - | - | - | - | 727 |
| - | - | 19,494 | - | 258,576 |
| - | - | 7,558 | - | 7,558 |
| - | - | - | - | 37,473 |
| <u>-</u> | <u>-</u> | <u>27,052</u> | <u>6,240</u> | <u>354,232</u> |
| | | | | |
| - | - | - | - | 64,193 |
| 19,303 | - | - | - | 19,303 |
| - | - | - | - | 5,856 |
| <u>89,879</u> | <u>11,936</u> | <u>81,254</u> | <u>320,553</u> | <u>1,880,188</u> |
| <u>109,182</u> | <u>11,936</u> | <u>81,254</u> | <u>320,553</u> | <u>1,969,540</u> |
| <u>\$ 109,182</u> | <u>\$ 11,936</u> | <u>\$ 108,306</u> | <u>\$ 326,793</u> | <u>\$ 2,323,772</u> |

CITY OF DECATUR, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | Special Revenue Funds | | | |
|--|--|--------------------------------------|---|-----------------------|
| | Emergency Telephone System Fund | Confiscated Drug Fund | Children and Youth Services Fund | Grant Fund |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 574,719 | - | 848,119 | - |
| Intergovernmental | - | - | 113,499 | 59,359 |
| Interest | - | 46 | 212 | - |
| Miscellaneous | - | - | - | - |
| Contributions | - | - | 18,154 | 25,000 |
| Total revenues | <u>574,719</u> | <u>46</u> | <u>979,984</u> | <u>84,359</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | - | 15,000 |
| Public safety | 774,136 | 3,093 | - | 38,118 |
| Recreation | - | - | 1,378,693 | 6,000 |
| Total expenditures | <u>774,136</u> | <u>3,093</u> | <u>1,378,693</u> | <u>59,118</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(199,417)</u> | <u>(3,047)</u> | <u>(398,709)</u> | <u>25,241</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 225,000 | - | 450,000 | - |
| Transfers out | - | - | - | (50,000) |
| Total other financing sources (uses) | <u>225,000</u> | <u>-</u> | <u>450,000</u> | <u>(50,000)</u> |
| Net change in fund balances | <u>25,583</u> | <u>(3,047)</u> | <u>51,291</u> | <u>(24,759)</u> |
| FUND BALANCES, beginning of year | <u>381,349</u> | <u>36,763</u> | <u>890,483</u> | <u>88,952</u> |
| FUND BALANCES, end of year | <u>\$ 406,932</u> | <u>\$ 33,716</u> | <u>\$ 941,774</u> | <u>\$ 64,193</u> |

| | | | Capital Projects Fund | |
|---------------------------|------------------|----------------------|-----------------------------------|-----------------------------------|
| Economic Development Fund | Greenspace Fund | Hotel/Motel Tax Fund | Cemetery Capital Improvement Fund | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ 305,598 | \$ - | \$ 305,598 |
| - | - | - | - | 1,422,838 |
| - | 10,000 | - | 3,677 | 186,535 |
| 391 | - | - | - | 649 |
| - | 80 | - | 62,335 | 62,415 |
| - | - | - | - | 43,154 |
| <u>391</u> | <u>10,080</u> | <u>305,598</u> | <u>66,012</u> | <u>2,021,189</u> |
| 20,911 | 44,128 | 87,314 | 26,972 | 194,325 |
| - | - | - | - | 815,347 |
| - | - | - | - | <u>1,384,693</u> |
| <u>20,911</u> | <u>44,128</u> | <u>87,314</u> | <u>26,972</u> | <u>2,394,365</u> |
| <u>(20,520)</u> | <u>(34,048)</u> | <u>218,284</u> | <u>39,040</u> | <u>(373,176)</u> |
| - | 35,000 | - | - | 710,000 |
| - | - | (218,194) | - | (268,194) |
| - | <u>35,000</u> | <u>(218,194)</u> | - | <u>441,806</u> |
| <u>(20,520)</u> | <u>952</u> | <u>90</u> | <u>39,040</u> | <u>68,630</u> |
| <u>129,702</u> | <u>10,984</u> | <u>81,164</u> | <u>281,513</u> | <u>1,900,910</u> |
| <u>\$ 109,182</u> | <u>\$ 11,936</u> | <u>\$ 81,254</u> | <u>\$ 320,553</u> | <u>\$ 1,969,540</u> |

CITY OF DECATUR, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | Budget | | Actual | Variance With Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 575,000 | \$ 525,000 | \$ 574,719 | \$ 49,719 |
| EXPENDITURES | | | | |
| Public safety | 841,150 | 851,670 | 774,136 | 77,534 |
| Debt service | | | | |
| Principal | 37,500 | 37,500 | - | 37,500 |
| Total expenditures | 878,650 | 889,170 | 774,136 | 115,034 |
| Deficiency of revenues over expenditures | (303,650) | (364,170) | (199,417) | 164,753 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 225,000 | 225,000 | 225,000 | - |
| Net change in fund balances | (78,650) | (139,170) | 25,583 | 164,753 |
| FUND BALANCES, beginning of year | 381,349 | 381,349 | 381,349 | - |
| FUND BALANCES, end of year | <u>\$ 302,699</u> | <u>\$ 242,179</u> | <u>\$ 406,932</u> | <u>\$ 164,753</u> |

**CITY OF DECATUR, GEORGIA
CONFISCATED DRUG FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---|------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Interest | \$ 140 | \$ 40 | \$ 46 | \$ 6 |
| EXPENDITURES | | | | |
| Public safety | 2,000 | 3,000 | 3,093 | (93) |
| Net change in fund balances | (1,860) | (2,960) | (3,047) | (87) |
| FUND BALANCES, beginning of year | 36,763 | 36,763 | 36,763 | - |
| FUND BALANCES, end of year | <u>\$ 34,903</u> | <u>\$ 33,803</u> | <u>\$ 33,716</u> | <u>\$ (87)</u> |

**CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|-------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$ 697,650 | \$ 625,000 | \$ 848,119 | \$ 223,119 |
| Intergovernmental | 70,450 | 64,050 | 113,499 | 49,449 |
| Interest | - | - | 212 | 212 |
| Contributions | 6,000 | 117,000 | 18,154 | (98,846) |
| | <u>774,100</u> | <u>806,050</u> | <u>979,984</u> | <u>173,934</u> |
| EXPENDITURES | | | | |
| Recreation | 1,557,822 | 1,406,890 | 1,378,693 | 28,197 |
| Deficiency of revenues over expenditures | (783,722) | (600,840) | (398,709) | 202,131 |
| OTHER FINANCING SOURCES | | | | |
| Transfer in | 500,000 | 450,000 | 450,000 | - |
| Net change in fund balances | (283,722) | (150,840) | 51,291 | 202,131 |
| FUND BALANCES, beginning of year | <u>890,483</u> | <u>890,483</u> | <u>890,483</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 606,761</u> | <u>\$ 739,643</u> | <u>\$ 941,774</u> | <u>\$ 202,131</u> |

**CITY OF DECATUR, GEORGIA
GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---|------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 59,350 | \$ 59,350 | \$ 59,359 | \$ 9 |
| Contributions | - | - | 25,000 | 25,000 |
| Total revenue | <u>59,350</u> | <u>59,350</u> | <u>84,359</u> | <u>25,009</u> |
| EXPENDITURES | | | | |
| General government | - | - | 15,000 | (15,000) |
| Public safety | - | - | 38,118 | (38,118) |
| Public works | 30,990 | 30,990 | - | 30,990 |
| Education | 1,130 | 1,130 | - | 1,130 |
| Recreation | 6,000 | 6,000 | 6,000 | - |
| Total expenditures | <u>38,120</u> | <u>38,120</u> | <u>59,118</u> | <u>(20,998)</u> |
| Excess of revenues over expenditures | 21,230 | 21,230 | 25,241 | 4,011 |
| OTHER FINANCING USES | | | | |
| Transfer out | <u>(50,000)</u> | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> |
| Net change in fund balances | (28,770) | (28,770) | (24,759) | 4,011 |
| FUND BALANCES, beginning of year | <u>88,952</u> | <u>88,952</u> | <u>88,952</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 60,182</u> | <u>\$ 60,182</u> | <u>\$ 64,193</u> | <u>\$ 4,011</u> |

**CITY OF DECATUR, GEORGIA
ECONOMIC DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---|-------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Interest | \$ 5,000 | \$ 500 | \$ 391 | \$ (109) |
| EXPENDITURES | | | | |
| General government | 15,000 | 30,000 | 20,911 | 9,089 |
| Net change in fund balances | (10,000) | (29,500) | (20,520) | 8,980 |
| FUND BALANCES, beginning of year | 129,702 | 129,702 | 129,702 | - |
| FUND BALANCES, end of year | <u>\$ 119,702</u> | <u>\$ 100,202</u> | <u>\$ 109,182</u> | <u>\$ 8,980</u> |

**CITY OF DECATUR, GEORGIA
GREENSPACE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|-------------------------|------------------------|-------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 10,000 | \$ 10,000 |
| Miscellaneous | - | 80 | 80 | - |
| | <u>-</u> | <u>80</u> | <u>10,080</u> | <u>10,000</u> |
| EXPENDITURES | | | | |
| General government | <u>35,000</u> | <u>43,500</u> | <u>44,128</u> | <u>(628)</u> |
| Deficiency of revenues over expenditures | (35,000) | (43,420) | (34,048) | 9,372 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>35,000</u> | <u>35,000</u> | <u>35,000</u> | <u>-</u> |
| Net change in fund balances | - | (8,420) | 952 | 9,372 |
| FUND BALANCES, beginning of year | <u>10,984</u> | <u>10,984</u> | <u>10,984</u> | <u>-</u> |
| FUND BALANCES, end of year | <u><u>\$ 10,984</u></u> | <u><u>\$ 2,564</u></u> | <u><u>\$ 11,936</u></u> | <u><u>\$ 9,372</u></u> |

**CITY OF DECATUR, GEORGIA
HOTEL/MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---|------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | \$ 342,000 | \$ 280,000 | \$ 305,598 | \$ 25,598 |
| EXPENDITURES | | | | |
| General government | 97,700 | 80,000 | 87,314 | (7,314) |
| Excess of revenues over expenditures | 244,300 | 200,000 | 218,284 | 18,284 |
| OTHER FINANCING USES | | | | |
| Transfers out | (244,200) | (200,000) | (218,194) | (18,194) |
| Net change in fund balances | 100 | - | 90 | 90 |
| FUND BALANCES, beginning of year | 81,164 | 81,164 | 81,164 | - |
| FUND BALANCES, end of year | <u>\$ 81,264</u> | <u>\$ 81,164</u> | <u>\$ 81,254</u> | <u>\$ 90</u> |

CITY OF DECATUR, GEORGIA

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | Budget | | Actual | Variance With Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,700,000 | \$ 1,720,000 | \$ 1,790,673 | \$ 70,673 |
| Interest | - | 17,000 | 57,930 | 40,930 |
| Miscellaneous | - | - | 59,000 | 59,000 |
| Total revenues | <u>1,700,000</u> | <u>1,737,000</u> | <u>1,907,603</u> | <u>170,603</u> |
| EXPENDITURES | | | | |
| General government | - | 5,000 | - | 5,000 |
| Debt service: | | | | |
| Principal | 275,000 | 275,000 | 1,275,000 | (1,000,000) |
| Interest | 1,456,770 | 1,441,800 | 1,496,664 | (54,864) |
| Cost of issuance | - | - | 140,272 | (140,272) |
| Total expenditures | <u>1,731,770</u> | <u>1,721,800</u> | <u>2,911,936</u> | <u>(1,190,136)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (31,770) | 15,200 | (1,004,333) | (1,019,533) |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from debt issuance | - | - | 5,900,000 | 5,900,000 |
| Premium on debt issuance | - | - | 100,731 | 100,731 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>6,000,731</u> | <u>6,000,731</u> |
| Net change in fund balances | (31,770) | 15,200 | 4,996,398 | 4,981,198 |
| FUND BALANCES, beginning of year | <u>1,217,827</u> | <u>1,217,827</u> | <u>1,217,827</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 1,186,057</u> | <u>\$ 1,233,027</u> | <u>\$ 6,214,225</u> | <u>\$ 4,981,198</u> |

**CITY OF DECATUR, GEORGIA
CEMETERY CAPITAL IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | Budget | | Actual | Variance With Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 3,670 | \$ 3,677 | \$ 7 |
| Miscellaneous | 52,000 | 56,580 | 62,335 | 5,755 |
| Total revenues | 52,000 | 60,250 | 66,012 | 5,762 |
| EXPENDITURES | | | | |
| General government | 25,000 | 20,000 | 26,972 | (6,972) |
| Net change in fund balances | 27,000 | 40,250 | 39,040 | (1,210) |
| FUND BALANCES, beginning of year | 281,513 | 281,513 | 281,513 | - |
| FUND BALANCES, end of year | <u>\$ 308,513</u> | <u>\$ 321,763</u> | <u>\$ 320,553</u> | <u>\$ (1,210)</u> |

**CITY OF DECATUR, GEORGIA
CAPITAL IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | Budget | | Actual | Variance With Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,135,000 | \$ 1,135,000 | \$ 1,183,526 | \$ 48,526 |
| Intergovernmental | 91,590 | 91,590 | 307,817 | 216,227 |
| Interest | 25,000 | 25,000 | 38,990 | 13,990 |
| Miscellaneous | 11,330 | 11,330 | 11,330 | - |
| Total revenues | <u>1,262,920</u> | <u>1,262,920</u> | <u>1,541,663</u> | <u>278,743</u> |
| EXPENDITURES | | | | |
| General government | 299,820 | 299,820 | 261,540 | 38,280 |
| Capital outlay | 4,661,370 | 4,661,370 | 3,501,698 | 1,159,672 |
| Debt service: | | | | |
| Principal retirements | 490,000 | 490,000 | 271,295 | 218,705 |
| Interest and fiscal charges | 128,970 | 128,970 | 126,421 | 2,549 |
| Total expenditures | <u>5,580,160</u> | <u>5,580,160</u> | <u>4,160,954</u> | <u>1,419,206</u> |
| Deficiency of revenues over expenditures | <u>(4,317,240)</u> | <u>(4,317,240)</u> | <u>(2,619,291)</u> | <u>1,697,949</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from capital lease | 204,300 | 204,300 | - | (204,300) |
| Transfers out | (150,000) | (150,000) | (147,023) | 2,977 |
| Total other financing sources (uses) | <u>54,300</u> | <u>54,300</u> | <u>(147,023)</u> | <u>(201,323)</u> |
| Net change in fund balances | (4,262,940) | (4,262,940) | (2,766,314) | 1,496,626 |
| FUND BALANCES, beginning of year | <u>13,011,086</u> | <u>13,011,086</u> | <u>13,011,086</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 8,748,146</u> | <u>\$ 8,748,146</u> | <u>\$ 10,244,772</u> | <u>\$ 1,496,626</u> |

CITY OF DECATUR, GEORGIA

FIDUCIARY FUNDS

Municipal Court Fund – To account for the collection of court fines and miscellaneous charges and payments to the General Fund and other governments.

Board of Education Fund – To account for the collection and payment of property taxes levied and collected by the City for the City of Decatur Board of Education.

Downtown Development Authority Fund – To account for the collection and payment of property taxes levied and collected by the City for the Decatur Downtown Development Authority.

CITY OF DECATUR, GEORGIA

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010**

| ASSETS | Municipal Court Fund | Board of Education Fund | Downtown Development Authority Fund | Totals |
|------------------------|---------------------------------|--|--|-------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash | \$ 75,705 | \$ 2,656,013 | \$ 51,085 | \$ 2,782,803 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| LIABILITIES | | | | |
| Due to others | \$ 75,705 | \$ - | \$ - | \$ 75,705 |
| Due to component unit | <u> -</u> | <u>2,656,013</u> | <u>51,085</u> | <u>2,707,098</u> |
| Total liabilities | <u>\$ 75,705</u> | <u>\$ 2,656,013</u> | <u>\$ 51,085</u> | <u>\$ 2,782,803</u> |

CITY OF DECATUR, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | <u>Balance July 1, 2009</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2010</u> |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| <u>MUNICIPAL COURT</u> | | | | |
| Assets - cash | \$ 63,087 | \$ 1,038,547 | \$ 1,025,929 | \$ 75,705 |
| Liabilities - due to others | \$ 63,087 | \$ 1,038,547 | \$ 1,025,929 | \$ 75,705 |
| <u>BOARD OF EDUCATION</u> | | | | |
| Assets - cash | \$ 3,857,102 | \$ 23,331,285 | \$ 24,532,374 | \$ 2,656,013 |
| Liabilities - due to component unit | \$ 3,857,102 | \$ 23,331,285 | \$ 24,532,374 | \$ 2,656,013 |
| <u>DOWNTOWN DEVELOPMENT AUTHORITY</u> | | | | |
| Assets - cash | \$ 78,023 | \$ 445,540 | \$ 472,478 | \$ 51,085 |
| Liabilities - due to component unit | \$ 78,023 | \$ 445,540 | \$ 472,478 | \$ 51,085 |
| <u>TOTAL AGENCY FUNDS</u> | | | | |
| Assets - cash | \$ 3,998,212 | \$ 24,815,372 | \$ 26,030,781 | \$ 2,782,803 |
| Liabilities: | | | | |
| Due to others | \$ 63,087 | \$ 1,038,547 | \$ 1,025,929 | \$ 75,705 |
| Due to component unit | 3,935,125 | 23,776,825 | 25,004,852 | 2,707,098 |
| Total liabilities | \$ 3,998,212 | \$ 24,815,372 | \$ 26,030,781 | \$ 2,782,803 |

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY JUNE 30, 2010

| ASSETS | |
|---|-------------------|
| Cash | \$ 294,790 |
| Taxes receivable | 19,648 |
| Other receivables | 8,158 |
| Due from primary government | 51,159 |
| Prepays | <u>9,874</u> |
| Total assets | <u>\$ 383,629</u> |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable | \$ 32,182 |
| Deferred revenue | <u>9,894</u> |
| Total liabilities | <u>42,076</u> |
| FUND BALANCE | |
| Reserved for prepaids | 9,874 |
| Unreserved | <u>331,679</u> |
| Total fund balance | <u>341,553</u> |
| Total liabilities and fund balance | <u>\$ 383,629</u> |

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | |
|--|--------------------------|
| REVENUES | |
| Taxes | \$ 469,492 |
| Miscellaneous | <u>310,604</u> |
| Total revenues | <u>780,096</u> |
| EXPENDITURES | |
| Downtown development | <u>750,180</u> |
| Total expenditures | <u>750,180</u> |
| Net change in fund balance | <u>29,916</u> |
| FUND BALANCE, beginning of year | <u>311,637</u> |
| FUND BALANCE, end of year | <u><u>\$ 341,553</u></u> |

CITY OF DECATUR, GEORGIA

BALANCE SHEET COMPONENT UNIT - DECATUR TOURISM BOARD JUNE 30, 2010

| ASSETS | |
|-------------------------------------|------------------|
| Cash | \$ 28,507 |
| Accounts Receivable | <u>7,558</u> |
| Total assets | <u>\$ 36,065</u> |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable | <u>\$ 3,303</u> |
| FUND BALANCE | |
| Unreserved | <u>32,762</u> |
| Total liabilities and fund balance | <u>\$ 36,065</u> |

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DECATUR TOURISM BOARD FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | |
|--|-------------------------|
| REVENUES | |
| Taxes | \$ 87,314 |
| Interest | <u>55</u> |
| Total revenues | <u>87,369</u> |
| EXPENDITURES | |
| Tourism | <u>84,915</u> |
| Total expenditures | <u>84,915</u> |
| Net change in fund balance | <u>2,454</u> |
| FUND BALANCE, beginning of year | <u>30,308</u> |
| FUND BALANCE, end of year | <u><u>\$ 32,762</u></u> |

STATISTICAL SECTION

This part of the City of Decatur’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

| | <u>Page</u> |
|---|-------------|
| Financial Trends | 86 |
| These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. | |
| Revenue Capacity | 92 |
| These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax. | |
| Debt Capacity | 97 |
| These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. | |
| Demographic and Economic Information | 101 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. | |
| Operating Information | 102 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF DECATUR, GEORGIA

NET ASSETS BY COMPONENT LAST EIGHT YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|------------------|------------------|
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 52,582 | \$ 49,255 | \$ 33,445 | \$ 28,897 (1) |
| Restricted | 663 | 129 | 1,044 | 823 |
| Unrestricted | 11,384 | 9,040 | 12,270 | 8,875 |
| Total governmental activities net assets | <u>\$ 64,629</u> | <u>\$ 58,424</u> | <u>\$ 46,759</u> | <u>\$ 38,595</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 4,754 | \$ 5,027 | \$ 4,661 | \$ 4,154 |
| Unrestricted | 1,469 | 1,524 | 1,054 | 895 |
| Total business-type activities net assets | <u>\$ 6,223</u> | <u>\$ 6,551</u> | <u>\$ 5,715</u> | <u>\$ 5,049</u> |
| Primary government | | | | |
| Invested in capital assets, net of related debt | \$ 57,336 | \$ 54,282 | \$ 38,106 | \$ 33,051 |
| Restricted | 663 | 129 | 1,044 | 823 |
| Unrestricted | 12,853 | 10,564 | 13,324 | 9,770 |
| Total primary government net assets | <u>\$ 70,852</u> | <u>\$ 64,975</u> | <u>\$ 52,474</u> | <u>\$ 43,644</u> |

NOTE: (1) The decrease in 2007 is due to the issuance of \$33,245,000 in general obligation bonds, with \$16,500,000 paid to the City Schools of Decatur rather than to capital assets of the City.

| 2006 | 2005 | 2004 | 2003 |
|------------------|------------------|------------------|------------------|
| \$ 46,046 | \$ 42,667 | \$ 42,074 | \$ 43,864 |
| 595 | - | - | - |
| 7,517 | 8,822 | 10,051 | 9,997 |
| <u>\$ 54,158</u> | <u>\$ 51,489</u> | <u>\$ 52,125</u> | <u>\$ 53,861</u> |
| | | | |
| \$ 3,387 | \$ 3,021 | \$ 2,658 | \$ 2,444 |
| 929 | 618 | 585 | 656 |
| <u>\$ 4,316</u> | <u>\$ 3,639</u> | <u>\$ 3,243</u> | <u>\$ 3,100</u> |
| | | | |
| \$ 49,433 | \$ 45,688 | \$ 44,732 | \$ 46,308 |
| 595 | - | - | - |
| 8,446 | 9,440 | 10,636 | 10,653 |
| <u>\$ 58,474</u> | <u>\$ 55,128</u> | <u>\$ 55,368</u> | <u>\$ 56,961</u> |

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS LAST EIGHT YEARS (accrual basis of accounting) (amounts expressed in thousands)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 6,804 | \$ 6,382 | \$ 5,406 (6) | \$ 8,589 (6) | \$ 8,729 (1) | \$ 5,233 | \$ 4,118 | \$ 4,030 |
| Education | 2,071 | 1,314 | 1,945 | 2,007 | 1,845 | 1,926 | 1,914 | 1,499 |
| Public safety | 10,511 | 10,295 (9) | 8,331 | 8,043 | 8,414 | 7,659 | 7,133 | 6,340 |
| Public works | 3,883 | 3,855 | 3,508 | 3,310 | 3,544 | 3,380 | 3,163 | 2,758 |
| Recreation | 3,041 | 3,163 | 2,152 | 1,865 | 1,873 | 1,605 | 1,818 | 1,649 |
| Community & economic development | - | - | - | - | - | - | - | 318 |
| Interest on long-term debt | 1,678 | 1,586 | 1,632 (7) | 804 (7) | 106 | 99 | 24 | 35 |
| Total governmental activities expenses | <u>27,988</u> | <u>26,595</u> | <u>22,974</u> | <u>24,618</u> | <u>24,511</u> | <u>19,902</u> | <u>18,170</u> | <u>16,629</u> |
| Business-type activities: | | | | | | | | |
| Conference center | 325 | 363 (10) | 516 | 516 | 561 | 595 | 611 | 671 |
| Stormwater | 713 | 641 | 662 | 552 | 793 | 1,588 | 670 | 648 |
| Solid waste | 2,154 | 2,017 | 2,085 | 2,076 | 1,945 | 1,796 | 1,830 | 1,857 |
| Total business-type activities expenses | <u>3,192</u> | <u>3,021</u> | <u>3,263</u> | <u>3,144</u> | <u>3,299</u> | <u>3,979</u> | <u>3,111</u> | <u>3,176</u> |
| Total primary government expenses | <u>\$ 31,180</u> | <u>\$ 29,616</u> | <u>\$ 26,237</u> | <u>\$ 27,762</u> | <u>\$ 27,810</u> | <u>\$ 23,881</u> | <u>\$ 21,281</u> | <u>\$ 19,805</u> |
| Program Revenues | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| General government | \$ 842 | \$ 839 | \$ 1,229 | \$ 905 | \$ 773 | \$ 433 | \$ 588 | \$ 414 |
| Education | 91 | - | 249 | 230 | - | - | - | - |
| Public safety | 1,985 | 1,657 | 1,672 | 1,500 | 1,214 | 1,241 | 1,257 | 1,246 |
| Public works | 114 | 89 | 103 | 88 | 379 | 84 | 117 | 149 |
| Recreation | 1,322 | 1,075 | 776 | 639 | 618 | 524 | 677 | 712 |
| Community & economic development | - | - | - | - | 261 | 197 | 214 | - |
| Operating grants and contributions | 320 | 356 | 657 | 790 | 997 | 1,065 | 479 | 435 |
| Capital grants and contributions | 10,474 | 16,419 (11) | 7,582 (8) | 3,362 (8) | 8,153 (1) | 1,786 | 1,949 | 7,493 |
| Total governmental activities program revenues | <u>15,148</u> | <u>20,435</u> | <u>12,268</u> | <u>7,514</u> | <u>12,395</u> | <u>5,330</u> | <u>5,281</u> | <u>10,449</u> |
| Business-type activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| Solid waste | 84 | 84 | 84 | 79 | 76 | 106 | 66 | 74 |
| Stormwater | 928 | 1,023 | 984 | 1,000 | 973 | 889 | 780 | 924 |
| Conference center | 2,223 | 2,266 | 2,377 | 2,342 | 2,332 | 2,154 | 2,043 | 2,039 |
| Capital grants and contributions | - | - | - | - | - | - | - | 47 |
| Total business-type activities program revenues | <u>3,235</u> | <u>3,373</u> | <u>3,445</u> | <u>3,421</u> | <u>3,381</u> | <u>3,149</u> | <u>2,889</u> | <u>3,084</u> |
| Total primary government program revenues | <u>\$ 18,383</u> | <u>\$ 23,808</u> | <u>\$ 15,713</u> | <u>\$ 10,935</u> | <u>\$ 15,776</u> | <u>\$ 8,479</u> | <u>\$ 8,170</u> | <u>\$ 13,533</u> |

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS LAST EIGHT YEARS (accrual basis of accounting) (amounts expressed in thousands)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Net (expense)/revenue | | | | | | | | |
| Governmental activities | \$ (12,840) | \$ (10,706) | \$ (10,706) | \$ (17,104) | \$ (12,116) | \$ (14,572) | \$ (12,889) | \$ (6,180) |
| Business-type activities | 43 | 182 | 182 | 277 | 82 | (830) | (222) | (92) |
| Total primary government net expense | <u>\$ (12,797)</u> | <u>\$ (10,524)</u> | <u>\$ (10,524)</u> | <u>\$ (16,827)</u> | <u>\$ (12,034)</u> | <u>\$ (15,402)</u> | <u>\$ (13,111)</u> | <u>\$ (6,272)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Property taxes | \$ 15,135 | \$ 14,585 | \$ 14,852 | \$ 14,456 (3) | 11,847 | \$ 11,287 | \$ 9,848 | \$ 10,322 |
| Franchise taxes | 1,377 | 1,364 | 1,354 | 1,227 | 1,254 | 1,067 | 1,034 | 1,047 |
| Sales taxes | 617 | 641 | 662 | 608 | 579 | 250 | 261 | 219 |
| Other taxes | 1,394 | 1,399 | 1,397 | 1,495 | 1,363 | 1,252 | 1,220 | 1,125 |
| Unrestricted investment earnings | 151 | 307 | 1,081 | 710 (4) | 312 | 188 | 40 | 35 |
| Gain on sale of capital assets | - | 13 | 7 | 1 | 24 | 8 | 16 | 11 |
| Transfers | 371 | (484) | (483) | (456) | (595) | (116) | (110) | (50) |
| Special item | - | - | - | (16,500) (5) | - | - | - | - |
| Total governmental activities | <u>19,045</u> | <u>17,825</u> | <u>18,870</u> | <u>1,541</u> | <u>14,784</u> | <u>13,936</u> | <u>12,309</u> | <u>12,709</u> |
| Business-type activities: | | | | | | | | |
| Other taxes | - | - | - | - | - | 275 | 254 | 259 |
| Gain on sale of capital assets | - | - | - | - | - | 835 | - | - |
| Transfers | (371) | 484 | 483 | 456 | 595 | 116 | 110 | 50 |
| Total business-type activities | <u>(371)</u> | <u>484</u> | <u>483</u> | <u>456</u> | <u>595</u> | <u>1,226</u> | <u>364</u> | <u>309</u> |
| Total primary government | <u>\$ 18,674</u> | <u>\$ 18,309</u> | <u>\$ 19,353</u> | <u>\$ 1,997</u> | <u>\$ 15,379</u> | <u>\$ 15,162</u> | <u>\$ 12,673</u> | <u>\$ 13,018</u> |
| Change in Net Assets | | | | | | | | |
| Governmental activities | \$ 6,205 | \$ 11,665 | \$ 8,164 | \$ (15,563) | \$ 2,668 | \$ (636) | \$ (580) | \$ 6,529 |
| Business-type activities | (328) | 836 | 665 | 733 | 677 | 396 | 142 | 217 |
| Total primary government | <u>\$ 5,877</u> | <u>\$ 12,501</u> | <u>\$ 8,829</u> | <u>\$ (14,830)</u> | <u>\$ 3,345</u> | <u>\$ (240)</u> | <u>\$ (438)</u> | <u>\$ 6,746</u> |

- NOTES:**
- (1) 2006 capital grant revenues and general government expenses include grants received from the U.S. Department of Transportation for MARTA transit station improvements.
 - (2) This amount was reclassified from other categories in 2007 to more accurately report the activity.
 - (3) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.
 - (4) Interest income increased due to the increase in cash and investments resulting from the general obligation bond proceeds to be used for construction.
 - (5) The special item is the payment of bond proceeds to the City Schools of Decatur.
 - (6) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.
 - (7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.
 - (8) City Schools of Decatur contributed nearly \$6 million of construction on City owned assets. The contributions vary year to year primarily due to the projects being undertaken by the City's school system.
 - (9) 2009 was the first year which the City recorded the Other Post-Employment Benefits liability, and a majority of the costs are allocated to the public safety function.
 - (10) A large portion of the Conference Center assets were fully depreciated in FY 2008 and the debt was paid in full during FY 2009, thus incurring less in interest expense.
 - (11) In 2009 the City Schools of Decatur used the 2007 bond proceeds to begin large construction projects on City owned assets, which are reported as contributions from the School System.

CITY OF DECATUR, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST EIGHT YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property Tax | Franchise Tax | Sales Tax | Insurance Tax | Other Taxes | Total |
|----------------|-----------------|------------------|--------------|------------------|----------------|-----------|
| 2003 | \$ 10,322 | \$ 1,047 | \$ 219 | \$ 752 | \$ 373 | \$ 12,713 |
| 2004 | 9,848 | 1,034 | 261 | 820 | 400 | 12,363 |
| 2005 | 11,287 | 1,067 | 250 | 844 | 408 | 13,856 |
| 2006 | 11,847 | 1,254 | 579 | 909 | 454 | 15,043 |
| 2007 | 14,456 (1) | 1,227 | 608 | 951 | 544 | 17,786 |
| 2008 | 14,852 | 1,354 | 662 | 992 | 405 | 18,265 |
| 2009 | 14,585 | 1,364 | 641 | 1,016 | 383 | 17,989 |
| 2010 | 15,135 | 1,377 | 617 | 1,006 | 388 | 18,523 |

NOTE: (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

CITY OF DECATUR, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)**

| | 2010 | 2009 | 2008 | 2007 |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General fund | | | | |
| Reserved | \$ 23 | \$ 391 | \$ 11 | \$ 64 |
| Unreserved | <u>7,670</u> | <u>6,300</u> | <u>7,203</u> | <u>6,224</u> |
| Total general fund | <u><u>\$ 7,693</u></u> | <u><u>\$ 6,691</u></u> | <u><u>\$ 7,214</u></u> | <u><u>\$ 6,288</u></u> |
| | | | | |
| All other governmental funds | | | | |
| Reserved | \$ 14,985 | \$ 13,095 | \$ 17,131 | \$ 19,952 (1) |
| Unreserved, reported in: | | | | |
| Special revenue funds | 1,560 | 1,475 | 623 | 482 |
| Capital projects funds | <u>1,884</u> | <u>1,560</u> | <u>2,356</u> | <u>542</u> |
| Total all other governmental funds | <u><u>\$ 18,429</u></u> | <u><u>\$ 16,130</u></u> | <u><u>\$ 20,110</u></u> | <u><u>\$ 20,976</u></u> |

NOTE: (1) The increase in 2007 is the result of fund balance reserved for capital projects to be funded by the 2007 general obligation bonds.

| <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 10 | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>5,524</u> | <u>5,689</u> | <u>6,144</u> | <u>6,476</u> | <u>4,923</u> | <u>3,379</u> |
| <u>\$ 5,534</u> | <u>\$ 5,689</u> | <u>\$ 6,144</u> | <u>\$ 6,476</u> | <u>\$ 4,923</u> | <u>\$ 3,379</u> |
| | | | | | |
| \$ 1,193 | \$ 1,425 | \$ 922 | \$ 539 | \$ 725 | \$ 685 |
| 347 | (1) | - | - | - | - |
| <u>1,578</u> | <u>1,314</u> | <u>545</u> | <u>450</u> | <u>327</u> | <u>333</u> |
| <u>\$ 3,118</u> | <u>\$ 2,738</u> | <u>\$ 1,467</u> | <u>\$ 989</u> | <u>\$ 1,052</u> | <u>\$ 1,018</u> |

CITY OF DECATUR, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS

(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 2010 | 2009 | 2008 | 2007 |
|---|-----------------|-------------------|---------------|------------------|
| Revenues | | | | |
| Taxes | \$ 18,748 | \$ 17,912 | \$ 17,789 | \$ 17,796 (2) |
| Licenses and permits | 481 | 440 (8) | 758 | 603 |
| Intergovernmental | 784 | 448 (9) | 2,323 | 3,179 |
| Fines and forfeitures | 767 | 512 | 485 | 575 |
| Charges for services | 2,682 | 2,312 | 2,264 | 1,867 |
| Interest income | 110 | 307 | 1,081 | 710 |
| Other revenues | 318 | 452 | 391 | 287 |
| Total revenues | 23,890 | 22,383 | 25,091 | 25,017 |
| Expenditures | | | | |
| General government | 5,836 | 5,804 | 5,327 (5) | 8,353 |
| Education | - | 10 (10) | 561 | 751 |
| Public safety | 8,430 | 8,667 | 8,074 | 7,793 |
| Public works | 3,139 | 3,080 | 2,976 | 2,663 |
| Recreation | 2,745 | 2,827 | 2,035 | 1,752 |
| General services | - | - | - | - |
| Non-departmental | - | - | - | - |
| Capital outlay | 3,502 | 4,182 | 4,023 (6) | 1,373 |
| Debt service | | | | |
| Principal retirements | 1,546 | 259 | 323 | 316 |
| Interest and fiscal charges | 1,623 | 1,592 | 1,472 (7) | 543 |
| Cost of issuance | 140 | - | - | - |
| Total expenditures | 26,961 | 26,421 | 24,791 | 23,544 |
| Excess of revenues over (under) expenditures | (3,071) | (4,038) | 300 | 1,473 |
| Other financing sources (uses) | | | | |
| Proceeds from capital leases | - | - | 235 | 596 (3) |
| Issuance of long-term debt | 5,900 | - | - | 33,245 (3) |
| Premium on bond issuance | 101 | - | - | 253 |
| Proceeds from sale of capital assets | - | 18 | 7 | 1 |
| Transfers in | 1,446 | 2,268 | 830 | 722 |
| Transfers out | (1,075) | (2,752) | (1,314) | (1,178) |
| Total other financing sources (uses) | 6,372 | (466) | (242) | 33,639 |
| Special item | - | - | - | (16,500) (4) |
| Net change in fund balances | \$ 3,301 | \$ (4,504) | \$ 58 | \$ 18,613 |
| Debt service as a percentage of noncapital expenditures | 14.18% (11) | 8.35% | 8.64% | 3.87% |

NOTE: (1) 2006 capital grant revenues include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) The increase in 2007 is due to additional property taxes resulting from an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

(3) The City entered into additional capital leases and issued general obligation bonds during fiscal year 2007.

(4) The special item is the payment of bond proceeds to the City Schools of Decatur.

(5) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.

| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 15,133 | \$ 13,845 | \$ 12,477 | \$ 12,281 | \$ 11,474 | \$ 9,465 |
| | 721 | 354 | 517 | 398 | 410 | 471 |
| | 3,693 (1) | 1,701 | 1,105 | 1,855 | 1,966 | 1,127 |
| | 653 | 523 | 530 | 821 | 736 | 845 |
| | 1,542 | 1,321 | 1,473 | 1,404 | 1,260 | 1,686 |
| | 312 | 188 | 40 | 35 | 66 | 225 |
| | 1,155 | 190 | 554 | 350 | 293 | 339 |
| | <u>23,209</u> | <u>18,122</u> | <u>16,696</u> | <u>17,144</u> | <u>16,205</u> | <u>14,158</u> |
| | 8,518 (1) | 4,733 | 4,085 | 3,175 | 1,903 | 1,858 |
| | 693 | 777 | 458 | 545 | 445 | - |
| | 7,736 | 7,585 | 6,948 | 6,545 | 5,636 | 5,723 |
| | 2,839 | 2,821 | 2,592 | 2,290 | 1,874 | 1,761 |
| | 1,656 | 1,525 | 1,777 | 1,683 | 1,705 | 1,610 |
| | - | - | - | - | 307 | 656 |
| | - | - | - | 883 | 760 | 903 |
| | 3,597 | 692 | 401 | 385 | 2,260 | 802 |
| | 262 | 189 | 309 | 415 | 404 | 360 |
| | 108 | 101 | 25 | 36 | 31 | 25 |
| | - | - | - | - | - | - |
| | <u>25,409</u> | <u>18,423</u> | <u>16,595</u> | <u>15,957</u> | <u>15,325</u> | <u>13,698</u> |
| | (2,200) | (301) | 101 | 1,187 | 880 | 460 |
| | 186 | 210 | 123 | 167 | 750 | 517 |
| | 2,810 | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 24 | 8 | 32 | 11 | 1 | 12 |
| | 1,338 | 1,018 | 1,012 | 535 | 499 | 480 |
| | (1,933) | (1,135) | (1,122) | (903) | (552) | (970) |
| | <u>2,425</u> | <u>101</u> | <u>45</u> | <u>(190)</u> | <u>698</u> | <u>39</u> |
| | - | - | - | - | - | - |
| \$ | <u>225</u> | <u>(200)</u> | <u>146</u> | <u>997</u> | <u>1,578</u> | <u>499</u> |
| | 1.70% | 1.64% | 2.06% | 2.90% | 3.33% | 2.99% |

(6) The increase is due to to the City expending more of the 2007 bond proceeds for capital improvements.

(7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.

(8) In 2009 the downturn in the economy caused the sales of building license and permits to decrease.

(9) In 2008 the City completed large projects which were funded with Department of Education and FEMA grants. These grants were not available in 2009.

(10) The DOE no longer offered funding to the City, due to federal budget cuts.

(11) In 2010 the City issued new notes which increased the debt service expenditures without increasing expenditures as the proceeds were given to the component unit and recorded as a note receivable.

CITY OF DECATUR, GEORGIA

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS**

(modified accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property Tax | Franchise Tax | Sales Tax | Insurance Tax | Other Taxes | Total |
|--------------------|---------------------|----------------------|------------------|----------------------|--------------------|--------------|
| 2001 | \$ 7,094 | \$ 1,062 | \$ 210 | \$ 747 | \$ 352 | \$ 9,465 |
| 2002 | 9,220 | 973 | 222 | 695 | 364 | 11,474 |
| 2003 | 9,894 | 1,048 | 219 | 752 | 368 | 12,281 |
| 2004 | 9,962 | 1,034 | 261 | 820 | 400 | 12,477 |
| 2005 | 11,276 | 1,067 | 250 | 844 | 408 | 13,845 |
| 2006 | 11,937 | 1,254 | 579 | 909 | 454 | 15,133 |
| 2007 | 14,466 (1) | 1,227 | 608 | 951 | 544 | 17,796 |
| 2008 | 14,376 | 1,354 | 662 | 992 | 405 | 17,789 |
| 2009 | 14,508 | 1,364 | 641 | 1,016 | 383 | 17,912 |
| 2010 | 15,360 | 1,377 | 617 | 1,006 | 388 | 18,748 |

NOTE: (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

CITY OF DECATUR, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY LAST TEN YEARS

(amounts expressed in thousands)

| Fiscal Year | Real Property | | Personal Property | Public Utility | Motor Vehicle |
|----------------|---------------|------------|----------------------|-------------------|------------------|
| | Residential | Commercial | | | |
| 2001 | \$ 613,391 | \$ 118,437 | \$ 28,847 | \$ 18,808 | \$ 44,528 |
| 2002 | 673,407 | 118,285 | 27,168 | 18,873 | 45,076 |
| 2003 | 717,014 | 118,420 | 24,720 | 19,072 | 45,728 |
| 2004 | 749,985 | 130,434 | 20,235 | 18,947 | 43,735 |
| 2005 | 793,501 | 136,194 | 18,825 | 13,856 | 42,108 |
| 2006 | 875,442 | 168,160 | 19,274 | 14,737 | 43,698 |
| 2007 | 928,728 | 159,836 | 17,578 | 18,633 | 47,268 |
| 2008 | 964,144 | 159,731 | 18,346 | 16,893 | 49,015 |
| 2009 | 996,485 | 165,632 | 20,385 | 16,474 | 50,081 |
| 2010 | 1,000,018 | 162,993 | 20,649 | 14,593 | 46,120 |

Source: Dekalb County, Georgia Board of Tax Assessors

Source: City of Decatur Revenue Division

| Less: | | | | | |
|----------------------|-----------------------|---------------------|-------------------------|------------------------|------------------------|
| Tax Exempt | Total Taxable | Total Direct | Estimated Actual | Assessed Value | as a Percentage |
| Real Property | Assessed Value | Tax Rate | Taxable Value | of Actual Value | |
| \$ 97,920 | \$ 726,091 | 1.114 | \$ 1,452,182 | 50.00% | |
| 136,982 | 745,827 | 1.114 | 1,491,654 | 50.00% | |
| 146,406 | 778,548 | 1.087 | 1,557,096 | 50.00% | |
| 141,854 | 821,482 | 1.166 | 1,642,964 | 50.00% | |
| 142,197 | 862,287 | 1.166 | 1,724,574 | 50.00% | |
| 164,790 | 956,521 | 1.264 | 1,913,042 | 50.00% | |
| 157,384 | 1,014,659 | 1.266 | 2,029,318 | 50.00% | |
| 157,384 | 1,050,745 | 1.266 | 2,101,490 | 50.00% | |
| 118,900 | 1,130,157 | 1.266 | 2,260,314 | 50.00% | |
| 122,579 | 1,121,794 | 1.266 | 2,243,588 | 50.00% | |

CITY OF DECATUR, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (Per \$1000 of Assessed Value) LAST TEN YEARS

| Calendar Year | City of Decatur, Georgia | | | DeKalb County | School District | Downtown Development Authority | State | Total Direct & Overlapping Rates |
|---------------|--------------------------|----------------------|--------------------|---------------|-------------------|--------------------------------|-------|----------------------------------|
| | Operating Millage | Debt Service Millage | Total City Millage | | Operating Millage | Operating Millage | | |
| 2001 | 1.047 | 0.067 | 1.114 | 37.16 | 1.850 | 0.038 | 0.25 | 40.412 |
| 2002 | 1.057 | 0.057 | 1.114 | 37.26 | 1.961 | 0.038 | 0.25 | 40.623 |
| 2003 | 1.030 | 0.057 | 1.087 | 37.81 | 2.024 | 0.038 | 0.25 | 41.209 |
| 2004 | 1.109 | 0.057 | 1.166 | 38.81 | 1.965 | 0.038 | 0.25 | 42.229 |
| 2005 | 1.112 | 0.054 | 1.166 | 38.71 | 1.905 | 0.038 | 0.25 | 42.069 |
| 2006 | 1.110 | 0.154 | 1.264 | 38.71 | 1.895 | 0.038 | 0.25 | 42.157 |
| 2007 | 1.122 | 0.144 | 1.266 | 39.30 | 1.890 | 0.038 | 0.25 | 42.744 |
| 2008 | 1.122 | 0.144 | 1.266 | 39.30 | 1.990 | 0.038 | 0.25 | 42.594 |
| 2009 | 1.122 | 0.144 | 1.266 | 39.30 | 1.990 | 0.040 | 0.25 | 44.112 |
| 2010 | 1.122 | 0.144 | 1.266 | 40.09 | 1.990 | 0.040 | 0.25 | 44.902 |

Source: City of Decatur Tax Department and DeKalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO

(amounts expressed in thousands)

| Taxpayer | 2010 | | | 2001 | | |
|-----------------------------------|------------------------|------|--------------------------------------|------------------------|------|--------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value |
| Decatur Towncenter Association | \$ 9,854 | 1 | 0.88 % | \$ 15,411 | 1 | 2.12 % |
| Bell South Communications | 9,404 | 2 | 0.84 | 8,336 | 2 | 1.15 |
| 06 QCC 0110 LLC | 6,676 | 3 | 0.60 | - | - | - |
| Lexington Decatur, LLC | 5,720 | 4 | 0.51 | - | - | - |
| DCP Decatur Investors, LLC | 5,471 | 5 | 0.49 | - | - | - |
| Decatur Plaza, LLC | 5,350 | 6 | 0.48 | - | - | - |
| DCP Renaissance Investments | 4,930 | 7 | 0.44 | - | - | - |
| DeVry, Inc. | 4,600 | 8 | 0.41 | - | - | - |
| Georgia Power | 4,357 | 9 | 0.39 | 3,456 | 9 | 0.48 |
| DTC Partners | 4,341 | 10 | 0.39 | - | - | - |
| Ackerman Decatur LP | - | - | - | 6,377 | 3 | 0.88 |
| Leper CQ Corporate Income Fund LP | - | - | - | 5,628 | 4 | 0.78 |
| Prime Bank | - | - | - | 5,621 | 5 | 0.77 |
| Deck-Decatur Court, LLC | - | - | - | 4,016 | 6 | 0.55 |
| Park Trace Properties | - | - | - | 3,917 | 7 | 0.54 |
| Avery Properties | - | - | - | 3,640 | 8 | 0.50 |
| Basic Decatur Hotel LLC | - | - | - | 3,380 | 10 | 0.47 |
| | <u>\$ 60,703</u> | | <u>5.41 %</u> | <u>\$ 59,782</u> | | <u>8.23 %</u> |

Source: City of Decatur Revenue Division

CITY OF DECATUR, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

(amounts expressed in thousands)

| Tax Year* | Total Tax Levy (1) | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------|-----------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2000 | \$ 18,029 | \$ 9,636 | 53.4% | \$ 8,390 | \$ 18,026 | 99.98% |
| 2001 | 19,948 | 10,451 | 52.4% | 9,497 | 19,948 | 100.00% |
| 2002 | 21,936 | 10,067 | 45.9% | 11,869 | 21,936 | 100.00% |
| 2003 | 24,746 | 11,092 | 44.8% | 13,641 | 24,733 | 99.95% |
| 2004 | 25,960 | 11,732 | 45.2% | 14,228 | 25,960 | 100.00% |
| 2005 | 26,397 | 12,335 | 46.7% | 13,906 | 26,241 | 99.41% |
| 2006 | 30,568 | 12,185 | 39.9% | 18,337 | 30,522 | 99.85% |
| 2007 | 31,135 | 11,274 | 36.2% | 19,709 | 30,983 | 99.51% |
| 2008 | 33,106 | 14,364 | 43.4% | 18,678 | 33,042 | 99.81% |
| 2009 | 35,153 | 15,442 | 43.9% | 19,436 | 34,878 | 99.22% |

NOTES: (1) Includes all taxes levied for the General Fund, Board of Education Fund, Debt Service Fund, Capital Projects Fund and the Decatur Downtown Development Authority Fund.

* Taxes are billed twice a year in April and October for the calendar year. The billing in April is an estimated billing based on the prior years assessed values. The ten year presentation above is for completed tax years only.

CITY OF DECATUR, GEORGIA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

(amounts expressed in thousands, except per capita amount)

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|-------------------------------|--------------|----------------|--------------------------|----------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Certificates of Participation | Note Payable | Capital Leases | Notes Payable | Capital Leases | | | |
| 2001 | \$ - | \$ 1,320 | \$ - | \$ 837 | \$ 525 | \$ 5,068 | \$ 7,750 | 1.45% | \$ 427 |
| 2002 | - | 1,320 | - | 1,002 | 445 | 4,838 | 7,605 | 1.43% | 419 |
| 2003 | - | 1,320 | - | 754 | 365 | 4,471 | 6,910 | 1.30% | 381 |
| 2004 | - | 1,320 | - | 324 | 270 | 3,416 | 5,330 | 1.00% | 294 |
| 2005 | - | 1,320 | - | 345 | 170 | 2,811 | 4,646 | 0.87% | 256 |
| 2006 | - | 4,090 | - | 308 | 62 | 2,165 | 6,625 | 1.24% | 365 |
| 2007 | 33,245 (2) | 3,995 | - | 682 | - | 1,484 | 39,406 | 7.40% | 2,171 |
| 2008 | 33,245 | 3,900 | - | 690 | - | 892 | 38,727 | 7.27% | 2,134 |
| 2009 | 33,245 | 3,800 | - | 530 | - | 98 | 37,673 | 7.07% | 2,076 |
| 2010 | 32,970 | 3,695 | 4,900 | 364 | - | 66 | 41,995 | 7.55% | 2,217 |

(1) See the Demographic and Economic Statistics for personal income and population data.

(2) The City issued general obligation bonds in fiscal year 2007.

CITY OF DECATUR, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST FOUR YEARS

(amounts expressed in thousands, except per capita amount)

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Value of Property (1)</u> | <u>Per Capita (2)</u> |
|------------------------|---|---|--------------|---|---------------------------|
| 2007 | \$ 33,245 | \$ 1,198 | \$ 32,047 | 1.58% | \$ 1,766 |
| 2008 | 33,245 | 921 | 32,324 | 1.54% | 1,781 |
| 2009 | 33,245 | 501 | 32,744 | 1.45% | 1,804 |
| 2010 | 32,970 | 598 | 32,372 | 1.44% | 1,709 |

(1) See the Schedule of Assessed Value and Estimated Actual Value - All Taxable Property for property value data.

(2) See the Demographic and Economic Statistics for population data.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

CITY OF DECATUR, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2010

(amounts expressed in thousands)

| | <u>Net General Obligation Debt Outstanding</u> | <u>Percentage Applicable to City of Decatur (1)</u> | <u>Amount Applicable to City of Decatur</u> |
|---------------------------------------|--|---|---|
| Overlapping General Obligation Debt: | | | |
| Dekalb County | | | |
| General obligation debt | \$ 356,745 | 4.636% | \$ 16,539 |
| Capital leases | 5,920 | 4.636% | 274 |
| Certificates of participation | 20,010 | 4.636% | 928 |
| Intergovernmental contracts | 86,915 | 4.636% | 4,029 |
| Fulton Dekalb Hospital Authority | 46,182 | 4.636% | 2,141 |
| Total overlapping debt | 515,772 | | 23,911 |
| City direct debt: | | | |
| General obligation debt | 32,970 | 100.000% | 32,970 |
| Capital leases | 364 | 100.000% | 364 |
| Notes payable | 4,900 | 100.000% | 4,900 |
| Certificates of participation | 3,695 | 100.000% | 3,695 |
| | 41,929 | | 41,929 |
| Total direct and overlapping debt | \$ 557,701 | | \$ 65,840 |

Source: Assessed value data used to estimate applicable percentages provided by the Dekalb County Finance Department. Debt outstanding data provided by Dekalb County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Decatur, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF DECATUR, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST FOUR FISCAL YEARS (amounts expressed in thousands)

| | Fiscal Year | | | |
|---|-------------|------------|------------|--------------|
| | 2007 | 2008 | 2009 | 2010 |
| Debt limit | \$ 117,204 | \$ 120,813 | \$ 124,906 | \$ 124,437 |
| Total net debt applicable to limit | 32,047 | 32,324 | 32,744 | 32,372 |
| Legal debt margin | \$ 85,157 | \$ 88,489 | \$ 92,162 | \$ 92,065 |
| Assessed Value | | | | \$ 1,121,794 |
| Add back: exempt real property | | | | 122,579 |
| Total assessed value | | | | 1,244,373 |
| Debt limit (10% of total assessed value) | | | | 124,437 |
| Debt applicable to limit: | | | | |
| General obligation bonds | | | | 32,970 |
| Less: Amount set aside for repayment of general obligation debt | | | | (598) |
| Total net debt applicable to limit | | | | 32,372 |
| Legal debt margin | | | | \$ 92,065 |
| Total net debt applicable to the limit as a percentage of debt limit | | | | 26.01% |

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

CITY OF DECATUR, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

| Fiscal Year | Population (1) | Personal Income (in thousands) | Per Capita Personal Income (1) | Median Age (1) | Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (3) | School Enrollment (2) | Unemployment Rate (4) |
|--------------------|-----------------------|---------------------------------------|---------------------------------------|-----------------------|---|------------------------------|------------------------------|
| 2001 | 18,147 | \$ 532,850 | \$ 29,363 | 36 | 75% | 2,593 | 4.1% |
| 2002 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,521 | 4.1% |
| 2003 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,568 | 4.1% |
| 2004 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,499 | 4.1% |
| 2005 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,487 | 4.1% |
| 2006 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,514 | 4.1% |
| 2007 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,535 | 4.1% |
| 2008 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,484 | 4.1% |
| 2009 | 18,147 | 532,850 | 29,363 | 36 | 75% | 2,715 | 10.6% (5) |
| 2010 | 18,942 | 556,194 | 29,363 | 36 | 88% | 2,635 | 8.7% |

(1) Source: U.S. Census (available every tenth year)

(2) Source: Provided by City of Decatur School Board

(3) Source: U.S. Census and Department of Community Affairs

(4) Source: U.S. Census and Department of Labor

(5) With the recent decline in the economy, unemployment rates across the county have seen significant increases.

CITY OF DECATUR, GEORGIA

PRINCIPAL EMPLOYERS CURRENT AND FOUR YEARS AGO

| Employer | 2010 | | | 2006 | | |
|---|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Dekalb County Government | 1,516 | 1 | N/A % | 1,100 | 1 | N/A % |
| The City Schools of Decatur (education) | 477 | 2 | N/A | 481 | 2 | N/A |
| Agnes Scott College (education) | 397 | 3 | N/A | 400 | 3 | N/A |
| Emory University (satellite offices) | 365 | 4 | N/A | 239 | 4 | N/A |
| City of Decatur | 330 | 5 | N/A | 206 | 5 | N/A |
| DeVry University | 269 | 6 | N/A | - | - | N/A |
| McCurdy & Calendar | 253 | 7 | N/A | 74 | 9 | N/A |
| Decatur Hospital | 175 | 8 | N/A | 178 | 6 | N/A |
| Columbia Theological Sem | 98 | 9 | N/A | 116 | 8 | N/A |
| WellsFargo | 45 | 10 | N/A | - | - | N/A |
| Third Millennium | - | - | N/A | 50 | 10 | N/A |
| Allied Systems | - | - | N/A | 175 | 7 | N/A |
| | <u>3,925</u> | | <u>N/A %</u> | <u>3,019</u> | | <u>N/A %</u> |

Source: Various City departments

Note: Information for principal employers prior to 2006 is currently not available.

N/A - Information not available

CITY OF DECATUR, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

| Function | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------------|-------------------|------------|------------|------------|------------|
| General government | 27 | 24 | 28 | 29 | 28 |
| Public safety | | | | | |
| Police | | | | | |
| Officers | 42 | 41 | 33 | 34 (2) | 53 |
| Civilians | 13 | 16 | 18 | 15 (2) | 27 |
| Fire | | | | | |
| Firefighters and officers | 39 | 38 | 39 | 39 | 39 |
| Highways and streets | | | | | |
| Engineering | 14 | 14 | 13 | 13 (2) | 20 |
| Maintenance | 20 | 24 | 28 | 27 (2) | 39 |
| Sanitation | 15 | 19 | 13 | 17 | 17 |
| Culture and recreation | 16 | 18 | 19 | 16 | 18 |
| Total | <u>186</u> | <u>194</u> | <u>191</u> | <u>190</u> | <u>241</u> |

Source: City of Decatur department records

- Notes: (1) In 2002, engineering personnel were moved to maintenance.
 (2) The decrease in 2007 represents position vacancies which occurred during fiscal year 2007, but were not filled until after year end.

| <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|
| 25 | 25 | 21 | 22 | 22 |
| 50 | 51 | 52 | 53 | 54 |
| 29 | 28 | 27 | 29 | 28 |
| 40 | 40 | 39 | 39 | 39 |
| 20 | 19 | 19 | 20 (1) | 45 |
| 34 | 36 | 36 | 34 (1) | 6 |
| 17 | 15 | 15 | 16 | 16 |
| 17 | 18 | 14 | 17 | 21 |
| <u>232</u> | <u>232</u> | <u>223</u> | <u>230</u> | <u>231</u> |

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

| Function | 2010 | 2009 | 2008 | 2007 | 2006 |
|----------------------------------|------------|--------|--------|-------|-------|
| Physical arrests | 1,363 | 1,054 | 1,179 | 1,308 | 1,874 |
| Parking violations (1) | 14,186 | 9,554 | 11,411 | 4,230 | 5,699 |
| Traffic violations | 13,112 (2) | 6,820 | 5,563 | 8,454 | 8,011 |
| Fire | | | | | |
| Number of calls answered | 2,755 | 2,975 | 2,927 | 2,552 | 2,430 |
| Inspections | 764 | 1,023 | 971 | 884 | 370 |
| Highways and streets | | | | | |
| Street resurfacing (miles) | 0.80 | 0.71 | - | - | - |
| Potholes repaired | 92 | 38 | 35 | 40 | 48 |
| Sanitation | | | | | |
| Refuse collected (tons/day) | 27.80 | 28.00 | 36.70 | 42.28 | 46.43 |
| Recyclables collected (tons/day) | 22.53 | 18.25 | 13.67 | 10.58 | 11.92 |
| Culture and recreation | | | | | |
| Athletic field permits issued | 185 | 169 ** | 209 | 542 | 608 |
| Community center admissions (3) | 20,190 | 13,008 | 14,409 | 5,081 | 6,135 |

Source: City of Decatur Departments

N/A - Information not available

(1) During 2008, the City hired four additional PAL employees and implemented new electronic ticketing equipment; during 2010 additional employees were hired to increase monitoring of parking violations.

(2) A motorcycle traffic division was added during 2010.

(3) Operations have increased over the past few years due to new programs resulting in increased admissions.

* City of Decatur recreation program Trac Program started in March 2004.

** The number of permits issued decreased due to construction at Glenlake Park facilities.

| 2005 | 2004 | 2003 | 2002 | 2001 |
|-------|---------|-------|-------|-------|
| 1,655 | 1,758 | 1,869 | 1,455 | 1,969 |
| 4,126 | N/A | N/A | N/A | N/A |
| 8,195 | 9,129 | 6,991 | 4,154 | 5,673 |
| 2,353 | 2,200 | 2,551 | 2,216 | 2,077 |
| 427 | 278 | 213 | N/A | N/A |
| 0.65 | 0.75 | 1.65 | 1.65 | 0.08 |
| 24 | 31 | 34 | 30 | 15 |
| 46.91 | 49.93 | 51.64 | 52.48 | 56.58 |
| 10.40 | 10.98 | 10.89 | 8.95 | 9.35 |
| 642 | 513 * | N/A | N/A | N/A |
| 6,268 | 4,143 * | N/A | N/A | N/A |

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

| Function | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------------|-------------|------|------|------|------|
| Public safety | | | | | |
| Police | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 37 | 37 | 37 | 35 | 35 |
| Fire stations | 2 | 2 | 1 A | 2 | 2 |
| Sanitation | | | | | |
| Collection trucks | 10 | 9 | 9 | 8 | 7 |
| Highways and streets | | | | | |
| Streets (miles) | 62 | 62 | 62 | 62 | 62 |
| Culture and recreation | | | | | |
| Parks acreage | 66.7 | 66.7 | 64.7 | 56.5 | 56.5 |
| Parks | 14 | 14 | 13 | 13 | 13 |
| Swimming pools | 3 | 3 | 3 | 3 | 3 |
| Tennis courts | 9 | 9 | 9 | 11 | 11 |
| Community centers | 3 | 3 | 3 | 2 | 2 |

Source: Various City departments

Note: Capital asset indicators are not available for the general government function

| <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 | 1 |
| 40 | 42 | 40 | 36 | 42 |
| 2 | 2 | 2 | 2 | 2 |
| 7 | 7 | 7 | 7 | 7 |
| 62 | 62 | 62 | 62 | 62 |
| 56.5 | 56.5 | 56.5 | 56.5 | 56.5 |
| 13 | 13 | 13 | 13 | 13 |
| 3 | 3 | 3 | 3 | 3 |
| 11 | 11 | 11 | 11 | 11 |
| 2 | 2 | 2 | 2 | 2 |